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Bruckhart's Washington Digest

Euopean War Does More Damage To American Industry Than Good

Some Lines of Business Are Profiting, While Others Are Declining; Efforts to Boost Exports Fail; American Merchant Marine Affected.

By WILLIAM BRUCKART
WNU Service, National Press Building, Washington, D. C.

WASHINGTON. — Although our nation is not mixed up in the European mess, and its people will not permit any administration to drag us in, it strikes me that the war on the other side of the Atlantic already has done a lot of things which ought to be reviewed. There has been much laughter about the "phoney" war and the "sitdown strike" of the enemy armies, because thus far there nas been no real fighting. I do not propose to discuss that phase of the situation. There are some things which have happened and are happening here at home, however, that surely are worthy of consideration.

When steel began to flash abroad, there were thousands, if not millions, of Americans who believed a conflict overseas would pull us out of the depression. Visions of exports amounting to millions of tons were seen by many of the unthinking and misinformed persons. Higher prices—it is hardly necessary to recall how excited some folks got about the prospects of higher prices and there was talk about shortages and all of that sort of thing. There was the usual effort of a certain type of business interests to grab off extraordinary profits. Most of the price hysteria has collapsed and quite a few persons lost their shirts in the speculation to which they turned with the excitement of war talk.

It is true that there are some industries which are profiting from the war. Some, but not very many. Statistics are tiresome, but close examination of them does reveal, in this instance, how thoroughly spotty an anticipated war boom actually is. In my own appraisal of the situation, based on all of the facts I can obtain along with opinions of experts, I have come to the conclusion that the war thus far has done our American business—agriculture, commerce and industry—more damage than it has done good. That is to say, if it were possible to balance the increase due to the war against the further decline in other lines, the total business of the United States would show an actual loss.

Airplane Manufacturers And Rail Lines Benefited

It can be pointed out, for example, that airplane manufacturers are doing a thriving busines. They are selling airplanes for war purposes and they are selling them here, as well. Likewise, the official reports show how the industries producing airplane parts and equipment and certain other types of war material are rushing their products through to a finished state.

The rail lines have benefited. Through a stretch of six consecutive weeks, car loadings—an accurate business barometer—have exceeded 800,000 cars for each seven day period, and then dropped off. In this case, car loadings have shown a vast bulk movement but one must examine the commodities hauled to calculate what conditions are. It is to be noted that there were exceedingly heavy shipments of stuff usable in war included in the 800,000 total. A good deal of this had been ordered previously. It could not be sent out until the so-called arms embargo was removed. Experts appear to believe that a large portion of the shipments may not be repeated. At least, not in such quantities. All of which is to say that shipments of normally domestic products, consumer goods, must still be very much below par.

Respecting the market for so-called consumer goods, mention may be made of apples and what a drug they are on the market these days. This may not be the same in all parts of the United States, but it certainly is true in the great apple growing sections of Virginia. One large grower told me that he had not sold a single apple for the British market where he usually is able to ship several hundred carloads in the course of a season. Imports of all fresh fruits have been banned in England.

The industrial conference board, a private organization which is quite accurate in its reports on business conditions and trends, said lately that our exports to Canada are due to fall with a dull thud. In 1938, Canada acquired 68 percent of all of the things she imported right across the border in the United States. It is to be remembered, too, that about 40 percent of all exports from the United States in normal years go to Canada.

But the situation is changing rapidly. Canada is going industrial as rapidly as she can under the stress and strain of war. Being a part of the British empire, does any one think that the British war office is going to seek supplies in the United States that can be bought in Canada? Obviously not. To show how Canada has developed her capacity to take care of empire requirements I believe it is necessary only to report that the Canadian industrial capacity was 67 percent greater in 1937 than 20 years earlier, or in the midst of the World War. The World War started the trend in Canada; the present European war has given it new impetus and the indications are that exports to Canada hereafter will continue to get smaller.

What Has War Done to American Merchant Marine?

And what has the war done to the American merchant marine?

Our government has spent a good many hundred millions in building ships and in helping private shipping companies to build ships. It has been a policy of subsidy. But about the same time our ships begin to attract attention on the high seas and in international trade, along comes new war conditions and our flag is forced to stay out of the trade routes that produce the greatest revenue because traffic is heaviest. Of course, it is a policy of the administration that has brought this about. President Rosevelt has felt that adoption of a system of selling goods to belligerents upon the docks of this country—come and get it, pay cash and carry it away in your own ships—is wise. Congress agreed with him.

The same legislation provided that no ships flying the American flag may enter what is called combat zones. So, trade in our ships is confined to those nations not engaged in warfare It happens, however, that the three greatest buyers who use ships (since Canadian exports are largely by rail) are the three nations now fighting in Europe.

Transfer of Ship Registry Raises Stink in Washington

The latest development with respect to the shipping industry is the effort of one of the great shipping companies to transfer the registry of its ships to Panama—to fly the Panama flag. That action, of course, is like changing your own American citizenship and becoming the subject of another nation. It can be done under the law, but it has raised quite a stink in Washington, because this course of action simply circumvents the so-called cash-and-carry law. Under the Panama flag, those ships could sail into war zone ports which they cannot do as long as they fly the Stars and Stripes from their masthead. It does not mean a great deal, I believe, except it shows the influence of the European war. (Incidentally, the fuss about those ships recalls how difficult it is to make a law that will not have loopholes in it or means of getting around it.)

The war in the Far East has upset practically all trade relations between the United States and Japan and China . There is a quantity of exports yet moving in that direction, but I am told by persons who know the facts that when that war is over, Japan will be without any money and her purchases in the United States will be next to nothing for years to come.

Citation of example and trend and opinion could go on quite at length in this situation. Taken all together it seems to be one of the really important things, next to our own unemployment rolls, because it looks from this date as though the United States is face to face with the necessity of a gigantic readjustment. It seems to me the problem cannot be dodged. Changes must come within our own national economy. We will have to learn just what to produce and how much, because I fear that a large chunk of our export market is gone forever.

Our Cotton Exports Are Continuing to Decline

We have witnessed the spectacle of our secretary of agriculture seeking to get our cotton or some other farm products into foreign markets by use of various form of cash payments to the producers. While he has been passing out checks, our exports have declined and are continuing to decline, and there is nothing that can be done about it. Other folks have learned to grow cotton and they are not going to stop. We cannot control them by a law saying a farmer must plant only so much, or that there must be six million little pigs killed off.

I was asked recently for my own opinion on the outlook for business My reply was that I disliked making gloomy predictions. Pollyanna stuff is much more pleasant. On the other hand, President Hoover tried hard to get prosperity to come around the corner, and he looked rather ridiculous when she stayed just around the corner thru more than nine years up to the present time. Secretary Hopkins, of the department of commerce, is trying now to induce the coy young woman to come around the same corner. His department has been issuing statements about bulges in production and in sales and in shipments. But I could not read the figures the same way the secretary read them.

Christmas Seals do their share. Are you doing yours?

An ingenious plan was used by engineers recently to dismantle a 795-foot brick smoke stack at Muskogee, Oklahoma. Small rubber balloons were sent up in the stack with a thread attached. After the balloons had reached sufficient height they were shot down with a rifle and a heavier cord drawn up with the thread, and finally a rope with which workmen mounted to the top.

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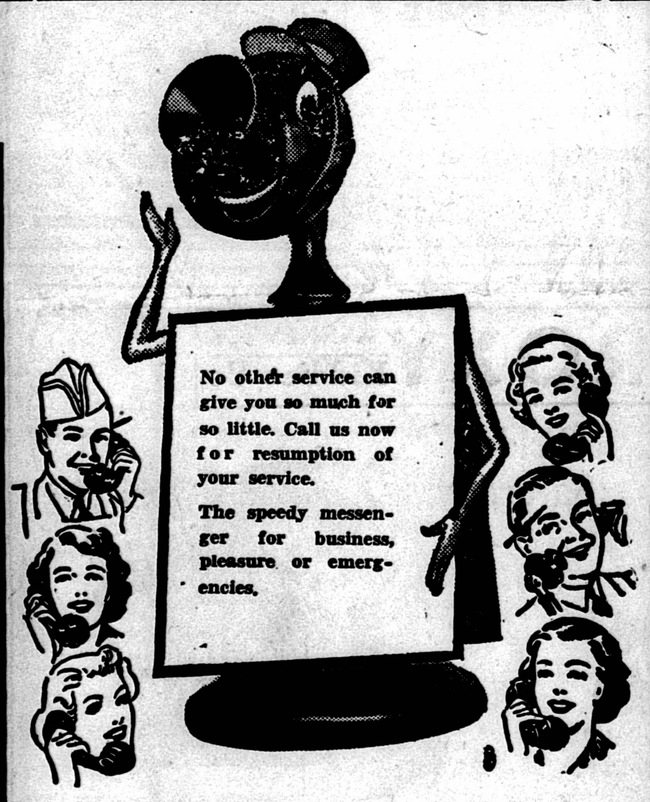

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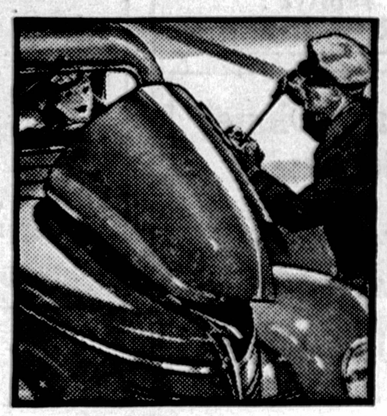

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