EUROPEAN COLLAPSE NEAR UNLESS PARALYZED INDUSTRY IS RESUMED, SAYS VANDERLIP

Noted Banker Says Idleness Extends to Interior and Is Due to Blocked Transportation and Credit Difficulties

Declares Germans in Occupied Territories Destroyed Industries Which Competed With Them in Times of Peace

Without America's Assistance Catastrophe Cannot Be Averted, He Declares; Views Wanton Ruins in East Poland and France

VANDERLIP SAYS FUTURE OF U. S. IS BOUND UP IN EUROPE'S FATE

The truth about Europe has not half been told.

For five months Mr. Frank A. Vanderlip, America's foremost international financier, has been studying conditions in Europe. The result of his investigations has aroused America.

"I have reached some startling conclusions," he declares. "America must understand how her own future is bound up in the fate of European civilization. Without America's help—not America's charity—the catastrophe cannot be averted."

No private citizen of any country in the world was afforded the opportunity of getting to the facts given Mr. Vanderlip. He talked with every important premier, finance minister, big business man, labor leader and important employer in Allied Europe. He found that in England the great controllers of capital and the leaders of labor were keenly aware of the seriousness of the situation. He describes the financial condition of France as a "desperate cause."

Suspended industry, strangled transportation is the culture upon which bolshevism breeds. America must avoid this.

"It is hard to believe," he writes, "when one sees what is outwardly a perfectly normal country with its people quietly moving about that there may be impending a catastrophe—a catastrophe that may be marching with the grim certainty that marks tragedy.

"But this tragedy may be averted if America is wise enough—for America is the last hope of Europe."

Strong words, perhaps, for one of America's most conservative bankers—But read what he says.

By FRANK A. VANDERLIP

I went abroad to learn at first hand something of what the war had done to the finances of Europe. I had gone but a short way in that investigation before I perceived that there was something far more fundamental and important to investigate than finances.

Perhaps nothing worse than national bankruptcy, with its attendant results, can happen to a people. I believe, however, that something more far-reaching and more disastrous than mere bankruptcy has happened to a number of European nations.

The most profoundly significant thing that I sensed in Europe is the disorganization and paralysis of industrial production. The paralysis is not confined to the war zone. It extends to the industries of the neutral countries. So long as it continues there is danger of revolutionary development and of Bolshevik tendencies. Wherever unrest develops into bolshevism, that new name for an old disease, anarchy, there is danger of contagion, and the disease is liable to spread to adjacent territory.

Danger of Revolt Microbe

This makes it necessary to regard Europe as a unit in any forecast of future conditions, for no government is strongly enough fortified against the inroads of this microbe of social contagion to permit its future to be regarded as safe when its neighbors develop this type of revolution.

It is not my purpose to write any description of the war front or any detailed account of what has happened to industry in the devastated districts. I motored as the guest of the American, French and Belgian Governments throughout the whole battlefront from the German border to Zeebrugge. It is idle to attempt to picture that trip to any one who has not seen what the desolation of war really means. There is a scar across France and Belgium along which devastation is complete—villages that are just dust heaps, cities in which not a building remains, acres of land permanently despoiled so far as agricultural use is concerned.

Wanton Destruction

I rode for many miles along roads which had been lined with magnificent avenues of trees seventy-five or 100 years old. These had all been felled, and not because the wood was needed. For more than two years they lay where the skillful German ax and saw had put them—destroyed apparently in a frenzy of destruction.

I saw broad orchards every tree in which had been sawed off close to the ground, and they still lay there as they first fell in pitiful rows, although no military engagement had taken place in the vicinity to give semblance of a military reason for the act. I saw great factories in the occupied district of Belgium that had been operating on German supplies up to a few days before the armistice and which were outside the range of active military operations, which were systematically and completely destroyed, chimneys toppled over, bombs placed in every boiler and machinery wholly wrecked.

If I were writing a book on the war, I would devote a chapter to telling about the systematic destruction of industry for solely commercial purposes; how factories were selected that were competitive to German industry and ruthlessly destroyed, while others which were standing near by and which were noncompetitive were left unharmed.

In a sense, Germany has won one of her objects. She has destroyed the industry of northern France and much of the industry of Belgium, so that no matter how great or in what form indemnity is obtained, these industries cannot be replaced before similar German industries and the industries of other countries may have absorbed their markets.

In picturing the devastating effect of war on European industry, however, one must not confine the view to the Hindenburg line. There were great industries in Poland completely destroyed. In East Poland there is a tract of land 200 miles broad and 400 miles long where the Russian armies decided so to devastate the country that the German armies could not follow them.

There the houses were of wood, and all were burned. The Russian army endeavored to evacuate the country of the whole population, and the population started toward Russia in advance of the retreating Russian army. The retreating Russian army traveled faster than the refugees and marched through them. Then the pursuing German army pressed on and marched over these people. They were left without food, clothing or shelter. Four hundred thousand starved.

Today that great territory, the size of Kansas, is barren and without means of sustaining life. The industry of Warsaw was systematically sacked, as was that of most cities on the eastern front.

As one moves further south the situation becomes little better. Few cities in Europe have had to endure a more terrible fate of starvation than Prague. In Hungary bolshevism has done what militarism failed to do. In Rumania, a purely agricultural country, there were left almost no cattle or farm machinery. Both in Poland and in Rumania more than one-third of the fields will be planted this year. Rumania is one of the great sources of grain exports to other countries of Europe. Her exportation prior to the war was 100,000,000 bushels, including wheat, barley, rye, oats, corn and millet.

The premier of Rumania told me that under the best of crop condition Rumania would be able to raise this year only a sufficient amount of food for her own population. Serbia was utterly despoiled. There is choice irony in her railroad statistics. After the armistice there were nine locomotives in Serbia.

This horrible story of destruction, however, I speak of only to minimize its extent by comparison. Vast as has been the field of destruction, these devastated areas are but scars on the face of Europe, and in the main the great intricate, complicated industrial machine of Europe was stimulated and expanded by this war, which was so truly a war of industries.

All Europe Paralyzed

If it were possible to show the exact percentage of the industrial life of Europe which has been sacrificed with shell, bomb and incendiary torch, it would be seen that the destruction, vast as it is, bears no overwhelming relation to the whole.

Why, therefore, should not these industries which have been unharmed be set going at a speed they never knew before in order to meet the insistent demand that the illimitable needs of Europe may be expected to create? The fact is, that in the face of these illimitable needs the industry of all Europe stands paralyzed. What is it that has laid its hand on industry and at the moment when industry's products are needed as they were never before needed in the world has put out the fires, turned off the power, and left industry idle?

The answer cannot be made in a sentence. There is a tragic combination of difficulties that has brought this about. I will try to enumerate a few of these, and let any American manufacturer try to imagine his plant faced with such a series of difficulties and answer if he, too, would not have found them too great quickly to surmount.

Let us pass by the case of these industries in the devastated districts. Obviously, their situation alone makes an early restoration of work quite out of the question. Let us take as an example an unharmed industrial plant in any place located in the interior of any one of several countries. We must first recollect that domestic transportation is broken down. This is substantially true of all Europe. It is literally true in many districts, but even where the service is best, days and weeks are consumed in moving freight short distances.

Then the factory must have raw materials, and in most cases these materials must come from outside the country. Over great regions a military embargo still continues and raw material could not be shipped if it could be obtained. To obtain it, there must be arranged in many cases ocean transportation, and ocean tonnage is so scarce that ships sometimes make one-half their pre-war value out of receipts of a single round trip.

Credit Is Solution

But if tonnage can be obtained and military embargoes do not interfere, there is then the difficulty of exchange and the practical impossibility of credit. All the continental nations are controlling imports with a strong hand because every ton of material that is bought outside of the country increases the difficulties of the government in handling the foreign exchange situation.

So the manufacturer must first obtain an import license, which is always a tedious process and frequently a difficult one. After he has permission to import raw material he must get the foreign funds necessary to pay for it. Suppose he has done all this and has surmounted the difficulties of ocean and land transportation; he is then ready to start his mill. It may be, if it is located in Italy, for example, that he can get no coal. In any event the price of coal and the difficulty of getting it regularly, together with the difficulty of transporting it in sufficient quantities, will be a serious handicap.

Then comes the labor situation, and although every manufacturer is surrounded by idleness, in few cases is his labor market favorable. If his product is one that requires special skilled labor, he finds that his former labor force has drifted away and is difficult to replace. Always the increased cost of living and the idea which is universal, that labor shall have in the future a larger share in the profits of production, makes his new wage scale somewhere from two to three times his prewar scale, while all over Europe the demand for a shorter day is adding, at least in the opinion of many manufacturers, to the labor cost of production.

But now suppose that the manufacturer has surmounted all these difficulties and has actually started the production of his product. There then comes the difficulty of his market. He again faces the obstacle of broken-down transportation. If his market had previously been in the Balkans, the Near East or countries along the eastern front, the transportation problem is at present unsolvable. The difficulties, even of transportation of mail, are unbelievably great, and bad as the mail service is, it is frequently speedier than the telegraph. This is no extravagant figure of speech; it is a plain statement of conditions that are so widespread as to be typical.

But suppose the manufacturer has at last produced his goods and has got in touch with his prospective customers. If these customers are in Spain, France, Holland or the Scandinavian countries, they probably have means to pay for what they want to buy. If the customers are elsewhere in Europe the credit questions involved will be extremely serious; and so far as Poland, Lithuania, Rumania and the Balkan countries are concerned, nothing but credits will complete the transaction. The credits asked are not short. They are too large and too long for any manufacturer to undertake to carry himself. They are not of a character which permits them to be handled as banking transactions.

And so there is going on a chaotic scramble of the representatives of all these small countries to create credits in any form which will pay for goods they so urgently need. Thus we see a situation where the need of goods is virtually without limit, but the difficulties surrounding their production and marketing are so great that up to the present time there is a condition of idleness unprecedented in industrial history.

Loans Must be Liberal

The picture that has been drawn of the difficulties that manufacturers are facing may seem to be extravagant and overdrawn. Not all manufacturers face all these difficulties, but the picture is not extravagant or overdrawn if taken as a general indication of the state of industry in Europe today.

The great obstacles are the difficulties of obtaining credits to purchase in foreign markets, the inability to get ocean tonnage, the breakdown of domestic transportation, labor unrest and throughout the great war area the destruction of machinery. Machinery, raw materials and railroad equipment are the main things that Europe needs and must have to restart the industrial processes. To get these it is necessary to obtain in the aggregate vast foreign credits.

I believe there can be no secure peace until the way is found to supply these credits to all industrial centers. It will not do to pick out only those districts or those industries which may seem to offer the best security, for there will be security nowhere as long as there are, here and there, plague centers in which idleness, lack of production, disorganized transportation, want and hunger make a breeding ground for the Bolshevik microbe.

Tomorrow Mr. Vanderlip will discuss "Blocked Arteries of Commerce."

Financial Briefs

The New York Subtreasury gained $450,000 from the banks Saturday, making a cash net gain since Friday of $5,702,000.

Stockholders of Quaker Oats Company at special meeting in Jersey City on Saturday approved increase in authorized capital of $50,000,000. Preferred stock is to be increased from $15,000,000 to $25,000,000 and similar increase is to be made in common.

The Homestake Mining Company for the year ended December 31 reports surplus after charges and taxes of $305,417, equal to $1.21 a share earned on the $25,116,000 capital stock, as compared with surplus of $1,195,383 or $4.75 a share in the previous year.

Net gold withdrawals from the combined Federal Reserve banks during the week ending July 11 aggregated $17,100,000, while gold withdrawals since June 6, the Friday preceding the removal of the gold embargo, totaled about $90,000,000. Total earning assets of the combined reserve banks are $2,529,907,000, being for the first time in excess of $2,500,000,000.

Analysis of railroad earnings for first five months of 1919 has been made by the Association of Railway Executives. Reports made to the Interstate Commerce Commission show that in five-month period the yield on $18,000,000,000 of railroad investment fell to 2½ per cent per annum, less than half rate considered by the commerce commission in 1914 as the danger line.

According to realty gossip, the New York Stock Exchange is completing negotiations for either the purchase or lease of the Wilkes building, northwest corner of Wall and Broad streets. The transaction will go through in a few days. The acquisition of this property would give the exchange ownership or control of the entire block on the south side of Wall street between New and Broad streets.

The committe on securities of the New York Stock Exchange has ruled that Chicago, St. Paul, Minneapolis and Omaha Railroad Company will not be quoted ex-dividend on August 1, and will not be until further notice.

London Metal Market

New York, July 14.—Cable advices received at the New York Metal Exchange this morning quoted prices in London as follows: Tin—Spot, £246, off 5s; futures, £245 10s, a decline of 5s, and straits, £246, a drop of 10s. Sales—Spot, 50 tons; futures, 500 tons. Standard copper—Spot, £97 15s, a gain of 3s; futures, £98 10s, a gain of £2 15s. Sales, 1500 tons. Electrolytic copper—Spot, £100, an advance of £1; futures, £107, an upturn of £3. Lead—Spot, £23 15s; futures £24 7s 6d, both unchanged. Spelter—Spot, £41 15s, a gain of 5s; futures, £42 15s, up 10s.

Philadelphia Markets

GRAIN AND FLOUR

WHEAT—Receipts, 32,904 bush. The market ruled firm. The quotations follow: Car lots, in export elevator, government standard inspection, standard prices—No. 1 red winter, $2.39; No. 1 southern spring, $2.39; No. 1 hard winter, $2.39; No. 1 red winter, garlicky, $2.37; No. 1 red, smutty, $2.36; No. 2 red winter, $2.36; No. 2 northern spring, $2.36; No. 2 hard winter, $2.36; No. 2 red winter, garlicky, $2.34; No. 2 red, smutty, $2.33; No. 3 red winter, $2.32; No. 3 nothern spring, $2.32; No. 3 hard winter, $2.32; No. 3 red winter, garlicky, $2.30; No. 3 red, smutty, $2.29. Lower grades on their merits.

CORN—Receipts, none. Supplies were small and the market ruled firm but quiet. We quote yellow in car lots for local trade, as to quality and location, at $2.10@2.14 per bush.

OATS.—Receipts, 6752 bush. The market further advanced 2c under light offerings and stronger outside advices, but trade was quiet. Quotations: Car lots as to location—No. 1 white, 87¼@88c; No. 2 white, 87@87½c; No. 3 white, 86@86½c; No. 4 white, 82½@83½c.

FLOUR.—Receipts, 200 bbls. and 1,602,796 lbs. in sacks. The market was quiet, but mill limits were well sustained. The quotations were as follows: To arrive, per 196 pounds in 140-pound jute sacks—Winter straight, western, $10.75@11; nearby, $10.75@11; Kansas straight, $11.50@12.25; do. short patent, $12@12.50; spring, short patent, $12@12.50; do. patent, $11.65@12.25; do. first clear, $9.50@9.90.

RYE FLOUR—Sold slowly at former rates. We quote at $8.20@8.75 per barrel, in sacks, as to quality.

PROVISIONS

The market ruled firm, with a fair jobbing demand for most descriptions. Quotations: Beef, in sets, smoked and air-dried, 55c; beef, knuckles and tenders, smoked and air-dried, 55c; pork, family, 56c; hams, S. P. cured, loose, 38¾@39½c; do. skinned, loose, 36½@37½c; do. smoked, 40½@41c; hams, boiled, boneless, 56c; picnic shoulders, S. P. cured, loose, 29c; do. smoked, 30c; bellies, in pickle, loose, 35c; breakfast bacon, 42c; lard, 36c.

REFINED SUGARS

Offerings were light and the market was unchanged on a basis of 9c for fine granulated.

DAIRY PRODUCTS

BUTTER—The market ruled firm and 2c higher. Quotations: Solid-packed creamery extras, 55c; higher-scoring goods, 56@58c, the latter for jobbing sales; extra firsts, 54c; firsts, 52@53c; seconds, 50@51c; sweet creamery, choice to fancy, 57@59c; do. fair to good, 52@56c; fancy brands of prints jobbing at 61@63c; fair to choice, 51@60c.

EGGS—Fine new-laid eggs were scarce and firm, but there were free offerings of unattractive stock, which was slow of sale and irregular in value. Quotations: Free cases, nearby, $15 per crate; current receipts, $14.40; western, extra firsts, $15 per case; firsts, $14.40; nearby and western seconds, $10.80@12.60; fancy selected eggs jobbing at 57@59c per dozen.

CHEESE—The market ruled firm, with demand absorbing the limited offerings. Quotations: New York and Wisconsin, whole-milk, flats, current make, fancy, 32½@33c; specials higher; New York and Wisconsin, whole-milk flats, current make, fair to good, 31¼@32c; jobbing sales of fancy goods, 33½@34½c.

POULTRY

LIVE—Receipts were light and fowls were again 1c higher, with demand fairly active. Other kinds of poultry were unchanged. Quotations: Fowls, via express, 39@40c; spring chickens, broilers, not Leghorns, yellow skinned, weighing 1¾@2 lbs. apiece, 50@52c; exceptional lots higher; spring chickens, broilers, not Leghorns, yellow skinned, weighing 1¼@2 lbs. apiece, 45@48c; spring chickens, broilers, not Leghorns, yellow skinned, weighing 1@1¼ lbs. apiece, 40@44c; white Leghorns, yellow skinned, weighing 1½@2 lbs. apiece, 40@42c; white Leghorns, yellow skinned, smaller sizes, 38@40c; roosters, 23@24c; ducks, Pekin, 27@28c; do. Indian Runner, 25@27c; geese, 20c; pigeons, old, per pair, 40@45c; do. young, per pair, 35@40c.

DRESSED—The market ruled firm under moderate offerings and a good demand and prices of fowls and roosters advanced 1c. Quotations: Fowls, fresh-killed, dry-picked, in boxes, weighing 4 lbs. and over apiece, 37½c; weighing 3½ lbs., 35@36c; weighing 3 lbs. apiece, 32@33c; smaller sizes, 30@31c; fresh-killed, in barrels, fancy dry-picked, weighing 4 lbs. and over apiece, 37c; weighing 3½ lbs. apiece, 34@35c; weighing 3 lbs. apiece, 31@32c; smaller sizes, 29@30c; old roosters, dry-picked, 28c; broilers, nearby, 52@62c; do. western, 47@50c; spring ducks, Long Island, 35c; squabs, per dozen, white, weighing 11@12 lbs. per dozen, $8.50@9.25; do. do. weighing 9@10 lbs. per dozen, $7.50@8.25; do. do. weighing 8 lbs. per dozen, $6@6.75; do. do. weighing 7 lbs. per dozen, $4.50@5.25; do. do. weighing 6@6½ lbs. per dozen, $2.50@3.50; dark, $1.50@2.25; small and No. 2, 60c@$2.

FRESH FRUITS

Arrivals were more liberal and some varieties were a shade easier, but at revised figures there was a fair demand for choice stock. Quotations: Apples, No. 1, per basket, 60c@$1.75. Cantaloupes, California, per crate, $5@6.25; do. southern, per crate, $1.25@2.50. Watermelons, Florida, per car, $175@400. Blackberries, per quart, 15@20c. Peaches, Georgia, per crate, $1@2.25. Huckleberries, per quart, 20@27c. Raspberries, red, per pint, 12@17c. Gooseberries, per quart, 8@10c. Currants, per quart, 18@19c. Lemons, per box, $3.55@4.70. Oranges, California, per box, $3.35@7.75.

VEGETABLES

Potatoes, onions and cabbage sold fairly and ruled firm and slightly higher, with supplies well under control. Quotations: White potatoes, North Carolina, per bbl.—No. 1, $5.75@6; No. 2, $2.50@3.50. White potatoes, Eastern Shore, Virginia, per bbl.—No. 1, $5.75@6.50; No. 2, $2.50@3.50. White potatoes, Norfolk, per bbl.—No. 1, $5.75@6; No. 2, $3. Cabbage, Pennsylvania, per bbl.—$2.25@2.75. Onions, New Jersey, per basket, $1.50@1.60.

BUTTER, EGGS AND CHEESE

New York, July 14.—BUTTER—Steady on advances. Receipts, 13,314 tubs. High scoring, 54@55c; extras, 53½@54c; firsts, 51@53c; seconds, 49@50½c; state dairy, 53@53½c.

EGGS—Irregular. Receipts, 18,549 cases. Fresh-gathered extras, 51@52c; storage-packed extra firsts, 47@50c; dirties, No. 1, 35@36c; No. 2, 25@34c; firsts, 43@46c; seconds, 33@42c; checks, 31@33c; checks, undergrade, 29@30c; state and nearby hennery whites, 58@62c; gathered whites, 45@58c; western whites, 47@57c; Pacific coast, 55@57c; western and southern gathered whites, 45@47c; state and nearby hennery browns, 54@56c; gathered brown and mixed, 50@55c; fair to prime, 44@49c.

CHEESE—Firm. Receipts, 3211 boxes. Flat, current make, colored, average run, 31½@32c; flat, current make, whites, average run, 31¼@32c; colored specials, 32¼@32½c; white specials, 32¼@32½c.

July Grand Jury Sworn In

Judge Davis, sitting in Quarter Sessions Court No. 1, today appointed Charles E. Wilkinson, insurance, 1318 Fracker street, foreman of the July Grand Jury. The body, after receiving their instructions from the court, retired for deliberation. A two weeks session will be held by the jurors, during which time they will pass upon indictments and visit public institutions.

BUSINESS NOTES

Imports of crude rubber into the United States during the month of June last amounted to 16,319 tons, a decrease of 33 per cent, or 7805 tons, from the corresponding month in 1918. Over 80 per cent of the imports received in June this year was plantation rubber, chiefly from Singapore and Colombo.

Business in electrical goods in the United States is reaching new peaks, and present signs indicate that 1919 will be a record year. Orders taken in 1918 amounted to $1,000,000,000, but only about $750,000,000 of merchandise was actually billed.

Canning clams in the shell is the latest Maine industry. An experiment was made along this line last year by a Maine packer of foodstuffs and the results were such that he will put up several thousand cases the present year.

A small shipment of platinum on the British dirigible R-34 was the basis for the first American surety business in connection with aircraft transportation.

The United States has 509,000 acres of sugar cane this year, as compared with 527,000, the revised estimate for last year, according to reports from field agents of the bureau of crop estimates, United States Department of Agriculture.

The price of quicksilver has been reduced $4 by leading selling agents to the basis of $103 per flask.

Financier a Suicide

New York, July 14.—Louis H. Moss, southern representative in New Orleans of the Mercantile Bank of the Americas, shot and killed himself in a room in the Brevoort Hotel yesterday. He left notes for his wife and his brother-in-law.

Lightning Causes Two Big Fires

Huntingdon, W. Va., July 14.—Two fires, which started simultaneously here Sunday, destroyed three buildings in the business section and damaged the Armour & Co. packing plant. The loss is estimated at more than $400,000. Lightning was the cause of each blaze.