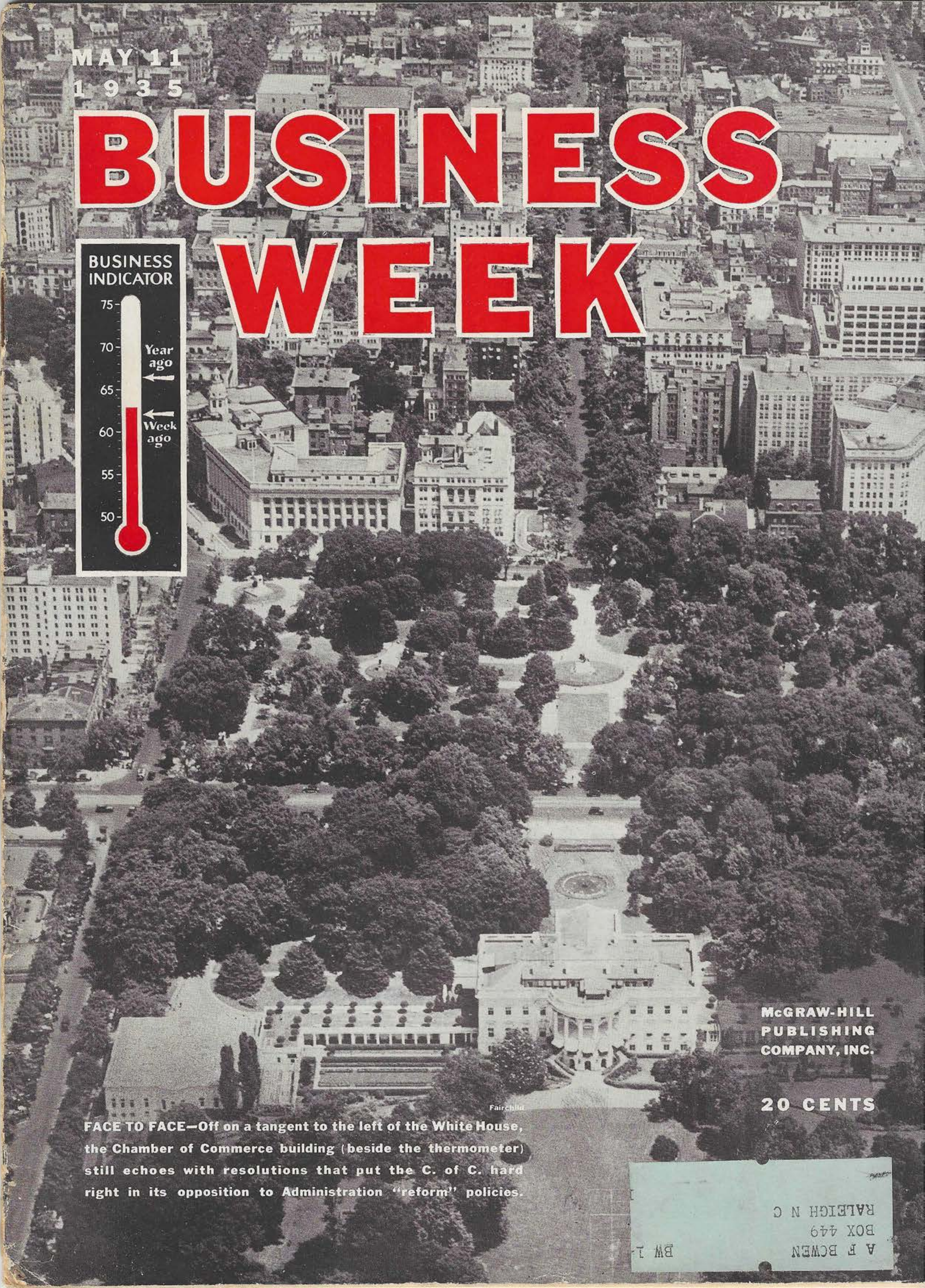
MAY 11
1935

BUSINESS WEEK



Fairchild

FACE TO FACE—Off on a tangent to the left of the White House, the Chamber of Commerce building (beside the thermometer) still echoes with resolutions that put the C. of C. hard right in its opposition to Administration "reform" policies.

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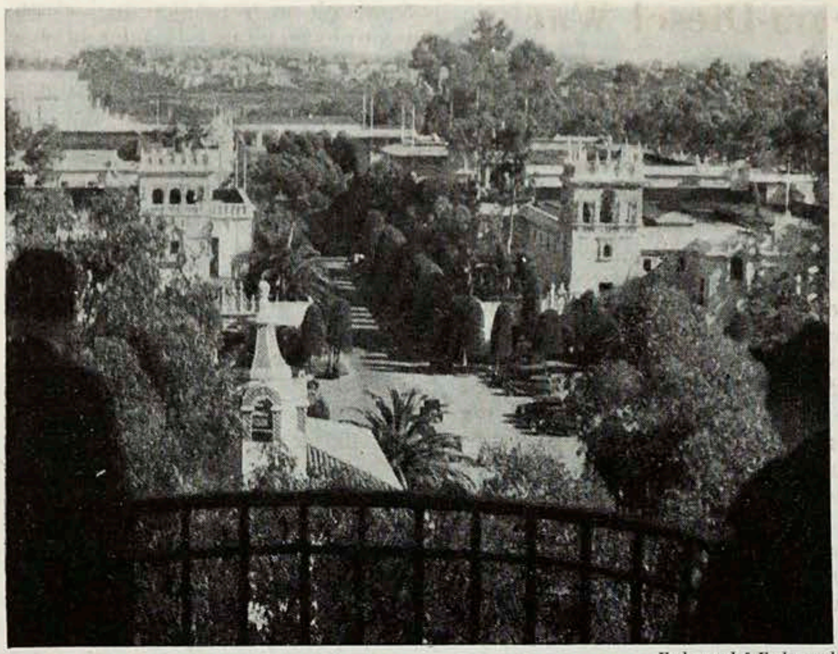

Underwood & Underwood

WANTED: 10 MILLION VISITORS—When officials of the California Pacific International Exposition look down the Avenida de Los Palacios, the fair's main thoroughfare seen here from the Tower of the Science of Man, they visualize gay summer crowds, translate them into the millions of paid admissions necessary to guarantee success of the venture. The big show opens in San Diego on May 29.

California, There She Goes!

San Diego uses 20-year-old exposition buildings once more, times second fair to a general California upturn.

AMERICAN cities have a high-handed habit of spending millions on temporary buildings for great expositions. Ephemeral palaces are often left standing after the show closes, becoming in time pathetic piles of shabby grandeur. San Diego pondered this foolish tradition when she planned her Panama California Exposition 20 years ago. The result was permanent principal buildings in beautiful Balboa Park. Since then the various structures, of indigenous Spanish architecture, have been used for various community exhibitions and activities. This year they return to their original employment.

Hopes Based on Chicago

Using some 15 of the buildings as a nucleus, San Diego inaugurates on May 29 the California Pacific International Exposition, covering 300 acres, with a total of 100 structures. The 2-year Chicago fair is over. Its popularity, especially with motorists, is a basis for expectations of 10 million visitors for San Diego. If interest holds, the exposition may be extended into the winter—giving outland tourists some idea of a climate that justifies its boosters.

The return engagement celebrates 4 centuries of western progress. Boulder Dam, the Grand Coulee project, San Francisco's new bridges, other outstanding public works will have prominent places in the displays. Visitors of interest will include President Roosevelt and the Navy's grand fleet. Railroads, ship lines, airplane companies, bus concerns will feature the fair in advertising, will help by special fares.

The exposition offers displays on science, business, mechanics, agriculture, art, natural history, transportation, etc. The United States government exhibit includes 20 federal departments, is housed in a $350,000 hall. California has a building all her own with displays to prove her claims to unique classification. There are ambitious exhibits by Ford, Standard Oil, Shell, Standard Brands, Bank of America, and others.

The San Diego fair is timed to a general California upturn. Improvement is not spectacular, but general enough to be really significant. There is a lift in such vital indices as agriculture, manufacturing, carloadings, payrolls, bank debits. The state is primarily agricultural and the most important improvement has been in this field. Huge surpluses were produced last year but intelligent marketing agreements helped growers to avoid price collapses.

Prohibition repeal is blamed for the 2 important declines in acre value of California's major crops. Hop growers and vineyardists went slightly haywire when the 18th Amendment was removed from their necks. Production of hops whooped from 10½ million lb. in 1933, to 11¼ million lb. in 1934. Wine grape tonnage rose from 420,000 tons to 446,000. Decline in value per acre was, for wine grapes, from $44.17 to $35.15; for hops, from $495 to $202.53.

Farm Income Gains

In some cases both production and acre value were up. Thus cantaloupes marketed rose from 5½ million crates to 6.2 millions, while acre value hopped from $118.05 to $190.23. Tonnage of table grapes went from 267,000 to 299,000; acre value from $41.82 to $75.86. There were heavy increases in acre income for barley, beans, cotton, hay, peaches, pears, asparagus.

While the Mid-West suffers from drought, California reports plentiful rains. Shortages of meat and feed crops in the dry areas will inevitably help the Californian. His grain and hay crops are set for a heavy yield. Sheep and cattle ranges are lush—richer than they have been for 20 years. Ranchers and fruit growers generally take no part in this outcry against AAA. Marketing agreements are expected to continue the gains made in prices since 1932. The navel orange outlook is for a 19-million box crop, which is 7 millions over last year. (Larger size fruit is one reason.) The Valencia orange crop is figured at 22 millions, against 16½ millions for 1934. Californians figure that the danger of soft prices from such huge increases is offset somewhat by frost damage to Florida production.

Taking on Ballast

Important among the California blessings is a boom in small farms (*BW—Nov10'34*). They are bought by families who demand subsistence acres as a guarantee of economic independence. Some come from drought areas but others are retiring Mid-Westerners who yearn for California as the Mussulman yearns for Mecca. Increasing numbers of small property owners will act as social ballast against the boat-rocking elements for which the state is also famous.

With agriculture and interstate immigration convalescing so rapidly, business improvement was inevitable. The state Chamber of Commerce figures the annual employment wage average for 1934 at 27% over the 1932 low, and 15.3% above 1933. (Average number of wage earners in 1934 was 233,000.) Durable goods industries report the best gain—20% over 1933. Bank debits tend upward. Fourteen cities had increases of 11.3% over 1933.

Because of vast distances and good roads, California automobile registrations have always been a fair barometer of conditions. In 1933 the state had 1,958,000 cars, was second only to New York. New registrations rose from 97,665 in that year, to 117,490 in 1934, and for the first 2 months of 1935 were double the previous year.

Labor unrest clouds an otherwise sunny picture. The dock strike is still an unpleasant memory. Shipping men are uneasy. The lumber industry is threatened. Manufacturers are wondering whether they will become involved.

Chain Tax Trail

As the end of the open season for state taxes approaches, chains find they fared not too badly.

Iowa has just joined the 16 other states that have chain tax laws on their statute books, but legal-minded critics suggest that the Iowa lawmakers had better refrain from budgeting any of the expected $5 millions of new revenue, because the courts are likely to kick the props from under the new levy. This because the legislators out where the tall corn grows were not satisfied with adopting a modest but constitution-proof single chain tax such as Indiana carried to victory in the U. S. Supreme Court (*BW—Nov30'32*). They wanted more, and so, to a per-store levy graduated up to $155 a year for the 20th and all subsequent stores, they added a tax on receipts that starts with $25 on the first $50,000 and is graduated upward to a straight 10% on annual receipts of $10 millions and over. This latter levy is similar to the kind of graduated sales tax that West Virginia tried, but that the courts threw out. Iowa may be in for a similar experience.

Meanwhile chain operators are still keeping their eyes peeled for trouble in the 18 legislatures that have not yet adjourned. Florida sticks out like a sore thumb, for it is proposed there to outlaw all chains except those owned and operated by Floridians.

Such a bill has already passed the Florida Senate and is now before the House. It appears, however, that chain-baiting State Senator Tillman has some doubts about putting such a drastic annihilation program over, because he has also introduced a bill that would tax chains from $5 to $300 per store and 1% to 6% on receipts.

Reviewing the 1935 gunning season, chain store interests are pretty well satisfied with results so far. In Nebraska the legislators passed a chain tax, but found that a few details had been neglected so that they may have to do it all over again next season. On the basis of returns already in, chain stores do not anticipate having more than 4 new laws to battle.

Officials of such chains as those in the grocery, drug, cigar, variety, and shoe fields are glad that in recent years they have had the big oil chain operators fighting with them on this ever broadening tax front. It is thought that in several states the influence exerted by the oil chains and their station employees through contact with the consumer, contributed much to the defeat of chain tax measures.

Some oil men predict that, if the present process of supertaxing continues, many oil station chains will be broken up, each link being leased for operation as a separate unit.

International News

CAPITAL AND THE CARPENTER—Signalizing completion of the 38-story International Building and the 6-story Palazzo d'Italia, seventh and eighth units to be finished in the Rockefeller Center development on New York's Fifth Avenue, Nelson Rockefeller (right) presents a craftsmanship certificate and a gold button to Royal Taft, a carpenter on the job, while John Lowry, builder, looks on. Similar awards were presented to 30 other members of the construction crew.

Back to Bags

"Dated coffee needs no metal," says Standard Brands. But there's a strong dissent.

It's back to paper bags for Chase & Sanborn's dated coffee.

Ironically enough, Chase & Sanborn claims the credit for having originally introduced the sealed tin container as the best available method of preserving the freshness of roasted coffee. That was back in 1878, when national brands were practically unheard of.

Today Standard Brands, Inc., owner of Chase & Sanborn, maintains 9 strategically-located roasting plants from which its 3,500 route delivery trucks are said to maintain such a fast direct and regular service to retailers that no coffee remains on a grocer's shelves more than 10 days. Pointing this out, the company explains that "the use of an expensive container in an attempt to preserve coffee freshness is a waste of money so far as Chase & Sanborn is concerned."

As a result of field tests during the last 2 years, Standard Brand officials are satisfied that consumers will like the change—particularly when they are told that the saving effected by elimination of the metal container will be passed on to them. Of course, a strong opposition replies that the result will be more business for competitors who continue to use the tin container. This school insists that only airtight metal—or glass—will retain the strength and aroma of the coffee after roasting. Merchandising dissenters add that advertising has taught the public to accept this viewpoint and expect a high-class coffee to come in something else than a bag.

Retailers admit that coffee in ready-packaged bags accounts for a large portion of sales, and that during the depression the lower-priced coffees have been by far the biggest sellers. However, they have also found that people swing back to the higher grades just as soon as they can afford it—and that has meant coffee in cans.

Observers suggest that Standard Brands is leaving the door open for the tin container by not switching to bags in the Chicago area and certain Northwestern sections. Meanwhile, the corporation's strongest competitor, General Foods, continues to use the "vita-fresh" process and tin containers for its leading brand of coffee—and reports that Maxwell House plants have been running extra shifts.