

f46 Land as base
of monopolies

When monopolist or oligopolist
restricts output, he is re-
leasing resources to his rivals,
& not cutting output.

Unless he holds them idle.
or some key resource. Mere size
then gives no monopoly. Must hold
idle.

Good

Stock resources as crucial factor in mmpy.

Mmpst, withholding from mkt, sees competitors take more of mkt, & his labor. But future values he still keeps, if holds stock resource. Rivals exhaust stocks, leaving him future.

If no landholding, no mmpst wd encourage rivals that way -- their cap, drawn in, as good as his.

Vogelstein, in
'Archiv für Sozialwissenschaft'
1905, pp 346 & 348. v. 20, 1904-5

Attributes monop to
'natural scarcity & inelasticity
of an element of production'

Cited in Levy, p. 298

Land &
monopoly -
vague connection.

The eventual (etwaige) ^{or contingent} monopolization of cartels or trusts is based on
überwiegend natural scarcity, der nicht beliebigen Vermehrbarkeit
eines wichtigen Produktions elements.

Cites many monopolies based on land. Esp. regional monopolies

(Regional monopolies -- another reason why land monopoly esp. bad. Monopoly means cornering
supply. Is obviously no limit to cap & labor that can enter. Land can change uses,
but only w/in limits... & if location is element being monopolized, cannot change at
all. & location always part of it -- e.g., deposits of something, in a good
location, location counts.

So land agglomeration has monopoly motive at early stage -- & the larger gets,
the more monopoly potential. ...)

Gist of his remarks: the greatest cap. accumulation is itself no protection vs
competition. So big cap. owners seek to control raw, to perpetuate
monopoly, other bases being transitory. Doesn't clearly ~~that~~ mean by 'raw',
land itself, but e.g. a market of tobacco, etc. Etc.

The fact that mnpst must be
someone who can wait indicates
he is hld'g land from current
use.

also, seriously qualifies idea
that mnpst is gett'g most ~~from~~
inc. from his resources.



Morpy by those
who can bid for
futures.

So Lvt will
discourage morpy.

118 Marginal firms, with immediate financial problems debts to meet,
will not restrict output like 'strong hands'. 'The last lap is of no
interest to contestants who may fall out on the first.' As they
will compete, unlike old est. firms.
Also, higher marg. rev. to smaller, as have expounded in class.

575

Effect of
LVT on
monopoly

Soule, cont

In investment banking we see it particularly, that those who are closest to public, and borrow at lowest i.r., are in a position to invest in the securities of op. co.s and by this come to control many, and engineer monop.s.

What is solution? Perfect cap. mkts would help. But obviously a big help would be if the assets of co.s were such that were not very long lasting, i.e. were not land -- thus, by this mechanism, lvt. would immensely help in combatting monopoly -- just immensely. There now, by being honest about admitting my ignorance of cause of land spec., I forced myself to find it, and it now enables me to find every so much more. This is terrific. A real tool for making competition work.

Trouble is, when you buy a security, you buy a perpetual asset. If co.s assets were just capital, not land, even so the securities of the co. would be perpetual, like land. So even that portion of the stock which represents capital is misallocated like land? This could be avoided by making it illegal to sell perpetual stock. Say every 10 years, you call in all stock, & resell it. You pay investors dividends for 10 years -- to avoid having them milk co., you cut them in on what you sell if it for next? But then you have not improved allocation, haven't changed anything. This is a tough one to work out. How about a core of general partners -- perhaps with limited liability -- who sell equity non-voting, & bond, shares to general public -- any duration. Only natural persons allowed to become partners. Only 5-10% total cap. held by partners. No sleeping partners. Better yet, no equity at all contributed by partners, then only contribution to management affects their selection. They make their own returns ~~xxxx~~ some small proportion of what they pay the equity holders.

Other thoughts: if you had more perpetually refundable securities, it would make much more business for investment bankers, and bring more into the field, thus breaking the monop. there, which is the mother of monopolies.

With lvt, would have less doubt as to future of stocks, as co.s would not own land, less risk, greater tendency to invest in operating co.s .

If motive I describe is so powerful, why are there not more investment trusts? Perhaps because it is more ec. to combine the monop. possibilities with the differential i.r. ones, form h.c. -- which certainly are numerous.

Consider possibilities of following this thru on thesis, studying investment markets, getting into that sort of work. Understanding basic principles, I should make some good money.

Another reason why land is esp. susceptible to mnpy: elasticity of demand at retail has some value; but lowering raw price 10% only lowers retail 2%, etc. So inelastic demand for raw.

(But then isn't this true all along the line, for all inputs?

D41

Land is sometimes held idle
to keep it from a competitor, -
an aspect of a principle already
made. e.g. : Santa Barb. Water
Co., a private utility, kept sites &
water from City Water co., a
competitor. Ca Churna rept, p. 6.

One reason for
monop. in stock resources
is they are cap, &
income from mining
gives richer ones lower
mrs. to acquire others.

Same with good sites,
(if value grows after
purchase.)

LVT prevents.

'Monopoly' E A & Robinson, ~~1943~~, Pitman, N.Y. '41

44 a P on control of raw material as cause of mnpy -- treats it quite casually, hardly noting any distinction between it & other mnpy sources.

- tho granting it some more permanence.

Eng. development largely
based on raw materials
imported -- hence not
monopolized.

One basic resources
are monopolized -- iron
ore, coal, etc -- other
monop. spring from them
naturally.

Gm. iron, Minette &
Acar, monop, & iron
workers who run it sold
only to themselves.
Levy, 188

*Land as mnpy
basis.*

p 11 "If the mill owner will not pay substantially this (favorable)
rate, the timber owner will build his own mill & his own r.r."
i.e. because capital is reproducible, creatable, & mobile, \$50
it gives no mnpy; but land does.

When buildings go into the hands of receivers, who are court officers, they do not hesitate to lower rents enough to fill their buildings, whereas owners did. This makes it tougher for other building owners.

Ernest M. Fisher, Speculation in Suburban Lands, AER, March '33

10. Wallace, B.B., and Edminster, L.R., International Control
of Raw Materials. Washington: The Brookings
Institution, 1930.

Which encourages competition.

We needn't worry about agglomeration of too much capital, by re-investing interest. For such re-investment usually means new capital creation. But where land can be privately owned reinvestment of interest & rent means buying land already existing, hence, necessarily, agglomeration. We get agglomeration therefore from private landownership. Cause of much monop. Also it prevents capital formation.

The Ec Hist Rev, Vol XV, Nos 1 & 2. 1945. Court, Problems of Br Coal Ind
Between Wars. p. 15, in 30s Brit.-coalowners organized, thru govt, to restrict
output & thereby raise prices. p. 18, This didn't result in ~~the~~ new inv.
opp. by increasing prices, but just opposite. Technical ^{logical} improvements! postponed
indef. p. 22 - miners opposed machines too; investors feared expropriation.

~~52, 18~~

~~13, 14~~

~~13, 18~~

Cumulation towards mnpy.

Cap. gain motive — mnpy
creates gain.

Mill needs
no timber
(over)

Chap 8

179 At present, a mill requires a 20 yr supply, owned by mill-owner, or controlled, to assure profitable production. But this "do not arise from conditions inherent in logging as such, but from those inherent in the system of large holdings & of logging r.r.s that are not common carriers. It is these conditions which give large timber holders the power, on the one hand, to block in & control small holders, & on the other to cut off a sawmill from its natural supply of timber." 180 -- were holdings small, logging r.r.s wd be common carriers.

Over

549

Where mill owners hold much timber, they often use none of it, buy in open mkt. p 14, 550
∴ seems likely this 20 yr supply figure is nec. as insurance vs. mkt being
closed off to one.
Thus the anticipation of mnp leads each to grab up timber as insurance, & brings the mnp.

p.16 Taxes have fallen behind Δ stumpage values.

Low antic
- Δ conc.

p.16 'Uncertainty as to the future extent of this burden ^(taxes) is a menace to the stability of timber ownership.' p.49, 'Uncertainty' means expectation of fall p. 567
p.86 Fear of future taxes keeps big investors from buying timber... complains.

p.16 Timber Taxes vary regionally. -- no clear consistent picture drawn. 567

South, c. 1.7¢/1000 ft., or .3 - .5% value
Cal. c. .5¢/1000 ft.

All under 1%.

So. Pine belt, no such fast ΔP , large holdings slower to develop, until c. 1905-

$\Delta P \rightarrow$
conc.

Many mills just bought small am'ts stumpage, 'from time to time'. 1905,

rush began, 1905-12, many bonds issued on timber, were many large timber

purchases.

Mnpy, when
abetted by
spec.

p. 50

On falling mkt, they compete. -- pressure to unload. Rising mkt,
more mnpsic. -- 'pull together' (hence lvt, making unload, cracks mnpy)

567

Good - futures
conc., mnp growth.

p. 12 Beginning c. 1905, yellow-pine mfs, movement to buy timber land,

'impelled in part by an anticipated shortage of stumpage'. (Note cumulation:

shortage antic, future looms further ahead of present, conc. Δ s, mnp antic, further

spec ... etc. Cumulation less important here than future v. present lesson:

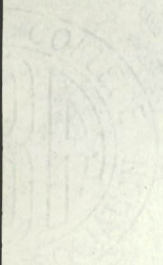
When antic shortage begins to crystallize, spec brings mnp quickly.)

567

Futures &
conc.

Give the 'effect' a
name.

Modern 'holding co.' well named -- cf. 'timber-holding co.'



*Timber-holding
co.*

208 "The Weyerhaeuser co. was organized for the very purpose of
holding timber for the speculative profit to be gotten out of it." 549

Small co.s thrive when can get access to land - commons, e.g.

9

✓ the other was widely regarded as somewhat scandalous. Although the Weyerhaeuser Timber Company has large land holdings in Oregon, much of the timber in the state is locally owned and sawed. The reversion of the Oregon and California Railroad timberlands, which are being opened on a co-operative basis to private operators for sustained-yield cutting, will, apparently, make secure the economic position of these smaller local companies. Much of Washington's land went to the railroads, and through them to the eastern lumber companies or operators. Even in agriculture, although not a great deal of data has been gathered, the same difference--home ownership versus "foreign" ownership--seems to hold.¹¹

W
?

With potentially monopolistic sites, perhaps
they should be let, not to highest bidder, but one
promising most output.

~~Or let him be monop., & take rent for public? No.~~

Grattam, Most big corps are oil co.s. File on land → mmpy



Land as
base

Vt. marble company appears to control all marble in country, including some from Colo, Alaska, & foreign imports.

And of course, as with diamonds, & any durable item, former customers acquire a vested interest in the monopoly too, this adds strength. In fact, I shouldn't wonder if this accounts for a good deal of antipathy to monopoly breaking. And the more developed the economy becomes, the lower gets the ratio of those interested in new development to those interested in existing capital and land, the more vested interests there are to uphold, the more opposition to a general policy of increasing production, innovating, etc.

As we grow older there come to dominance two main blocks to progress: vested capital interests & urban core interests come to overshadow innovating interests; labor becomes organized & welfare state policies come into dominance. Hence without growth a society is not likely to remain healthy, unless people can be convinced to try other policies in core areas.

I wonder if New England didn't go thru a time of shifting local taxes to improvements, some time ago? If so, it certainly is contrary to Battenheim's idea of the devolution of the general property tax.

The 49th state?

Changes speed Hawaiian maturity

Contributed by BILL ZION

With statehood growing ever-closer for the land of pineapples and hula girls—the mainland's citizenry is expected to show more curiosity about the Territory of Hawaii.

CAPTAIN COOK

In Captain Cook's day, 150 years ago, there was no central native ruler. But after the arrival of missionaries, trading ships, foreign settlers, and feminine wardrobes, the Kamehameha clan established the Hawaiian Kingdom in an attempt to absorb the new influences. But the newcomers won out bringing with them a panoply of pineapple and sugar plantations, astute shipping and financial activity, imported oriental labor, and finally the guns of the U.S. Navy.

RELUCTANT ANNEXATION

Oddly, America was not at the outset enthusiastic about the prospect of annexation. It was only after several years of pressure from those Americans with a stake in the islands—they had gone so far as to supplant the kingdom with a provisional republic under President Samuel Dole—that the U.S. flag was raised in 1898, and then because other foreign powers were observed sniffing around among the coconuts and orchids. Reluctance from the mainland and eagerness from the islands both arose from the same source—the fact that Hawaiian sugar would enter the U.S. tariff-free under a territorial arrangement.

AMERICANIZED

Since then, this part of Polynesia has become completely Americanized, and only a handful of people can still speak the native language properly. Numerous racial groups have developed, get along well together, and all insist upon being called Americans. To use the word "American" to distinguish whites or mainlanders from the other inhabitants is frowned upon. In fact, the former group is denoted by a special old Hawaiian term, "haole."

Economically, many changes are under way. Most of the land in and around Honolulu, and elsewhere, is still owned by the few old estates. Earlier, this power was used to control island shipping, industry and retail trade, preventing newcomers from competing with established interests. For example, about fifteen years ago Sears-Roebuck thought Honolulu, with its exorbitantly high prices, looked like a good spot to move in on. But Sears soon found it couldn't get shipping, dock and warehouse space, or land for a store.

SEARS BUILDS IN

With better financial backing from the mainland than most would-be island businesses, Sears built its own docks, leased ships, and bought a store-site through a Chinese front man. Once it had broken the "blockade" and was in business, opposition melted. Residential areas must still be built on land leased from the trustees of the old estates. Usually, the leases are limited to 30 years, too short to qualify for a G.I. home loan. Resentment against such a land monopoly is naturally widespread.

UNIONIZATION

The old, feudal plantation economy broke down with the unionization of the huge working population. Unfortunately, the bitter opposition of the owners molded the union movement into a radical and militant one led by such men as Jack Hall, presently under federal indictment for advocating violent overthrow of the government.

Strikes proved so successful where all else had previously failed that there is a tendency for workers to use this weapon more than is necessary, now that other means of settling disputes are in existence. Union strength was amply demonstrated last year on the island of Lanai, which is entirely owned by a pineapple company.

ALLIANCE

The workers struck for higher wages, which were not granted, and not one pineapple of the year's crop

left the island. Harry Bridges' ILWU cooperated with the local union by refusing to ship any non-union produce. It was this alliance which made possible the power of the Hawaiian unions, which in the old days were always defeated by the use of non-union labor during strikes. As the clearest example yet of present realities, last year's episode was a bitter pill, indeed, for the old group.

The unions also throw their newfound strength into politics. Formerly, the candidates of the Hawaiian Sugar Producers association were regularly swept into offices in



HARRY BRIDGES
Labor leader

plantation areas. Today it is the union men who sweep in. The general political picture is not clear, since the governor is a federal appointee, and there are presently no island-wide political organizations, other than the nominal Republican and Democratic tags.

HONOLULU MAYOR

The biggest election is for mayor of the city and county of Honolulu (which takes in all the island of Oahu), and an extremely liberal Democrat, John H. Wilson, has held this office through several terms. He is universally respected, a member of an old, part-Hawaiian family, the engineer for most of the early highways, the husband of an early exponent of the hula, and a Stanford man to boot. (Cal and Stanford are the two big island schools). Wilson's support comes from labor, and promises to retain control for some time to come. The nine-man city council has just one white member. With statehood, this pattern may extend throughout the islands.

The future wealth of the area is a question mark. It is not now self-supporting, and must rely on federal subsidies, payrolls and military expenditures, which since Korea have been a big help. Too much,

from eggs to lumber, has to be brought in from the mainland at prices 30 per cent to 50 per cent higher.

NO HOME BREW

Incidentally, production of the potent old native drink, Okolehau, from Ti leaves, has finally been stopped through pressure from mainland liquor interests. The stuff sold at 50 cents a gallon.

Preoccupation with pineapple and sugar ignored other possible island industries until recently. Now local raw materials and by-products are being utilized, such as wall board from sugar cane waste, bricks and other building materials from the red soil (the simple, open Hawaiian architecture, though now stylish here, was a consequence of exorbitant imported lumber costs) and even the power and minerals of the active volcanoes are being studied for eventual utilization.

WATER PROBLEM

A tough water problem has held up agriculture, since the porous volcanic soil permits the heavy rainfall to sink right through, leaving almost no run-off to be stored for irrigation. Nature is unpredictable. Hilo, which had a disastrous tidal wave in 1946, was threatened by the Mauna Loa eruption and lava flow in 1950, and last fall had a four-day earthquake. Philosophers would take all this in stride, but Paradise's citizens may soon be sleeping with their boots on instead.

Based on greater economic diversifications and modern business methods, a middle class has been growing to fill the old void. It is for the most part non-white, which is unpleasant for some of the old-timers who suspect economic channels and political power outside of their own. Many whites have left in recent years, claiming things were going to pot. Others quickly took their places.

STATEHOOD

There are those with misgivings about statehood. They fear a mass electorate, once it controls the entire archipelago. They fear the new economic shifts (toward Chinese-run banks, for example) and consequent political changes. In short, they feel they will lose, not gain, as things change. They are probably right, but are a small minority. Out among the waving plumes of sugar cane fields, and even amid the comforts of the Pearl Harbor Officers club, they would be out-voted.

So the union is promised a unique addition, one which will be welcomed by a larger part of the U.S.A. than merely those engaged in the manufacture of flags. 2500 miles isn't so far. Come to think of it, Slippery Rock, Pa., is farther.

Hicks

((Western grievances aggravated because done by foreigners.-easterners.))

r. could prevent new elevators just by refusing spurs.
Elevators supposed to act as common warehouses, but were in business of buying & selling grain for selves, hence didn't help their competitors, independent grain merchants.

Elevator monopolists couldn't overtly exercise their monop. power, by paying much less than everyone knew they were getting. So they obscured truth by lowering price thru grading -- they graded what they bought lower than it was graded when they sold. (Hence later stress of farmers on grading)

5. ~~I~~ But would make cap. mkts worse in one sense -- ~~make~~ make it harder to agglomerate capital; & ~~in~~ in general to invest M in things you have little personal knowledge of, like distant mortgages. But on balance this good. Not only lowers opt size, but prevents much waste of cap -- for greatest misinv. has been secured by land. IUT forces greater care on investors.

A motive for holding land idle I didn't thoroughly expound in thesis: by a monopolist, to prevent competitor from using it. The analogous operations for capital would be to prevent its production, thru patents or credit control or labor trouble, etc. ; for labor, to ~~xxxxxxx~~ pay it not to work for others. Land is obviously most important thing affected this way. & this motive can be combined with speculative, for the land is appreciating all this time. & esp if it is a mine product, pressure is all to wait til future.

*Is taxing land discourages monop. this way, too --
as well as by discouraging absentee ownership. over*

*Land as many
base* Difference of ownership & operation illustrated by simple thought.
Why do we object to manpiers? Because they are too big? Or because
they produce too little? Here is conflict of thought, & of policy.
What we really want is they should produce more, & own less. They
should produce more on less land -- i.e. should sell some land, &
develop the rest.

Commercial land is monopolistic by nature.

It only gets a value in primo from having a favored position; & having that, it has monop. Tends to exploit it, notch.

Leg.

"The Growth of Integrated
Oil Co.s"

John G. McLean &

Robt Wm Flaigh

Boston, Divin of Research,

Harvard Bus. School.

~~46068~~

16. Staley, Raw Mat.

17. Copeland, M.T.

} on empty

Levy, Retail Trade Ass.s

Meaning just that -- ass.s of retail merchants. Retailing was supposed to be last home of competition in Eng, because many small shops, but they had ass.s too, preventing price competition. This an old question, way back when had come up. But resale price maintenance was clearly designed to limit competition among retailers, more than to protect ~~xx~~ mfrs.

(I don't see that mfr of advertised goods is hurt if his product sold as loss leader. It doesn't reduce sales. It may reduce sales to other stores, but only by increasing them to the cutting store.

If individual firms want to try to enforce their own resale price maintenance by requiring it as condition of sale, that is ok -- tho contracts shouldn't be enforceable, so they must discipline by cutting off sales, which few would do.

Even if some harm to mfr were established, that is small consideration cf to other, maintaining competition. It would just discourage those kinds of advertising which are wasted if prices are cut -- I don't know just what advertising that would be, really. & any loss of advertising is no social waste.

~~Rubbish~~ Booksellers org for resale p mtnc, early 19th. Temporarily stooped, midcentury. Revived, late 19th -- & many others along with it. But it was c.c. 1895-1914 that they really blossomed. (along with other mnps)

Was big firms who pushed the orgs thru. Frequently the small men in the back alley aren't even members. (thus they grow at expense of suicide mnp, if half a chance. & what but limited access to strategic land would prevent their growing? The mnp thus depends on private landownership) - & less cap. of outsiders. With SVT, this wouldn't stop them, they could pay higher annual rent.

Why do mfrs insist on resale P maintenance? Because if more efficient retailers cut price, the less efficient must cut, & then they can't handle item except by paying less to mfr. (may be something to this. But of course socially doesn't justify maintenance, just explains the illicit reason why mfrs want it. & even it is dubious. Perhaps they want to avoid being monopsonized by the efficient distributor who emerges with most sales?)

Much good stuff.

TABLE 2
INDEXES OF INDUSTRIAL PRODUCTION--TWELFTH
DISTRICT

(1947-49 = 100)

Industrial production	1939	1952	1953	1954	1955	1956	1957p
Copper	80	113	111	101	118	129r	126
Lead	93	87	77	71	75	79r	77
Zinc	47	90	78	64	72	72r	74
Silver	167	112	107r	105	104	107r	108
Gold	234	88	89	80	85	79r	69
Iron ore	9	194	209	140	178	220r	221
Steel ingots	24	139	158	128	154	163	171
Aluminum	..	121	165	177	186	197r	187
Petroleum	67	107	109	106	106	105	101
Refined oils	61	116	122	119	122	129	132
Natural gas	62	92	95	92	98	92r	87
Cement	56	124	130	132r	145	156	149
Lumber	71	116	118	116r	124r	116	106
Wood pulp	67	148	157	164	180	192	188
Douglas fir plywood	53	171r	213r	219r	273	295r	301
Canned fruits	74	103	110	107	130	142	129
Canned vegetables ..	43	162	143	140	179	225	195
Meat	63	116	119	123	139	149r	138
Sugar	97	95	107	116	109	113	120
Flour	91	96	96	99	103	105	106
Butter	178	66	82	115	103	86r	97
American cheese	86	84	98	104	90	85	88
Ice cream	46	109	109	105	107	114r	118

p preliminary.

r revised.

Note: Data given above supersede all previously published annual indexes.

demand in this District was off by about 2 percent. High demand for gasoline bolstered civilian demand, but consumption of heating oils and residual fuel oil was down substantially. Several factors were responsible—mild weather early in the year, the switch to natural gas in the Pacific Northwest, and the decline in industrial activity in late 1957.

Mounting inventories were a nationwide problem for the oil industry last year, partly as a result of the great expansion in crude oil production. Although imports from abroad were diverted to Europe in the early part of the year because of the Suez crisis, this shortage was met, imports began to climb again, and supply quickly overtook demand. Production was cut back sharply in most of the major oil producing states, and the Government set up quotas in late summer under a voluntary program to limit imports into areas other than District Five. Late in 1957, import quotas for the West Coast were developed which became effective January 1, 1958.

Petroleum prices still show the effect of the Suez situation. Throughout most of 1956 the De-

partment of Labor's wholesale price index for refined petroleum products on the West Coast (1947-49=100) had been fluctuating between 114 and 119, but the Suez-induced increase in demand caused it to jump to 127 in December 1956. The index reached a high of 135.9 last July and then dropped to 130.5 in October. It remained at that level through December, but further price weakness may develop.

The import reduction effective January 1 will tend to limit additions to inventories. Other factors, however, may offset the effect of the import cut. Increased supplies of natural gas in the Pacific Northwest are restricting the market for fuel and heating oils, and the recent decline in business activity may prevent the industry from realizing its projected sales goals in other sectors. It appears likely, therefore, that for some time into 1958 petroleum supplies will run ahead of demand.

Aluminum output declines

After four successive years of rise, the output of aluminum in the Pacific Northwest declined in 1957. In contrast, production nationally held steady. The drop in Pacific Northwest production resulted from the reactions of users of interruptible power to the weather. Because of low water levels last fall, the Bonneville Power Administration found it necessary to reduce the availability of interruptible power for aluminum production. In other years when water levels were low, aluminum producers accepted blocks of power on a "provisional" basis. This required aluminum firms to replace the low-cost hydroelectric energy with steam power, unless precipitation brought water levels above the critical point later in the season. Producers, in effect, accepted a contingent increase in costs if water levels were not restored. This year, some Pacific Northwest firms refused to take the risk. The demand for aluminum had dropped, inventories were on the increase, and a rise in costs would have led to the accumulation of expensive supplies. Producers in the Northwest, therefore, chose to cut back production.

Nationally, aluminum inventories of 183,000 tons at the end of October were about three times as large as a year ago. The three major producers

FEDERAL RESERVE BANK OF SAN FRANCISCO

exercised their rights under contracts negotiated during the defense-induced expansion of the early 1950's and sold substantial amounts of metal to the Government. The oversupply of aluminum resulted principally from a decline in consumption in the residential construction industry and a tendency for inventories in fabricators' hands to be drawn down. Despite lower demand and growing stocks, the price for ingots was increased from 27.1 cents to 28.1 cents per pound in August, reportedly because of higher wages and other costs.

Capacity increased moderately during the year, with production facilities outside this District expanding by 63,000 tons. In the Pacific Northwest, Harvey Aluminum Company is expected to complete a 54,000-ton plant in 1958. Substantial capacity increases are also expected at several points in other parts of the United States.

Non-ferrous metals under downward pressure

The demand for copper, lead, and zinc dropped substantially both in this country and abroad during 1957. United States mine production of the three metals fell 5, 5, and 6 percent, respectively, although production in the Twelfth District held up much better than in the nation because of special circumstances. Copper displayed price weakness as early as mid-1956 because of improvement in the world supply. Subsequently, declining industrial activity in this country, a lessening of expansion abroad, a decline in United States Government purchases of metals, and a reduction of inventories in the hands of users affected all three metals. Copper prices fell from 46 cents in July 1956 to 25 cents in late 1957. Lead and zinc prices did not start falling until May 1957. By the end of the year, zinc had dropped 3.5 cents per pound from a beginning-of-the-year price of 13.5 cents, and lead had declined 3 cents from 16 cents per pound.

In view of these developments, the output record in the Twelfth District might be regarded as unusual. Copper production fell less than 3 percent. An increase in Arizona, where a new copper mine went into operation at Pima, offset about one-third of the decline of other District states. Even though Arizona recorded an in-

crease in total output, most individual producers cut their production by means of a shorter work week. By the end of the year, many copper mines throughout the District were on sharply reduced work schedules, and some companies closed for several days at a time in an attempt to obtain a better balance between demand and supply.

Lead production also dropped less in the District than in the nation, but the margin was somewhat narrower than for copper. In large part, the slightly greater production of lead in this District reflected a recovery of production in Idaho, where a strike had reduced output in 1956, and the opening of a new zinc mine in Arizona, which resulted in some increase in mining of lead as a by-product. Zinc production increased in contrast to the drop nationally. Again, the recovery of production in Idaho and the new mine in Arizona were the principal factors leading to a difference in District and national results. Despite the relatively high level of output for the year as a whole, mine operators reduced work schedules or closed mines at various times during the year because of lower demand.

Changes in composition of construction

Two developments are quite apparent from an analysis of the construction industry in the Twelfth District during 1957. Employment in the industry fell well below the 1956 level during

TABLE 3
CONSTRUCTION CONTRACTS AWARDED BY PROJECT TYPE
ELEVEN WESTERN STATES
1956-1957

	Valuation (thousands of dollars)		Percent change
	1956	1957	
Commercial buildings	558,965	579,160	+ 4
Manufacturing buildings ...	463,274	369,302	-20
Educational and science buildings	569,101	575,172	+ 1
All other non-residential buildings*	610,779	580,219	- 5
One- and two-family houses.	2,448,259	2,282,019	- 7
Other residential buildings**	372,178	474,012	+27
Public works and utilities..	1,961,930	2,051,856	+ 5
Total construction	6,984,486	6,911,732	- 1

*Includes hospital, public, religious, social and recreational, and other miscellaneous non-residential buildings.

**Includes apartment buildings, hotels, dormitories, and other non-housekeeping residential structures.

Source: F. W. Dodge Corporation, *Construction Contracts*.

It would be enlightening to study property
taxation & idle capacity of monops. Do they
get away with giving it a very low valuation?
Probably do.

Might be a good approach to thesis. Try Rolph.

When a resource becomes limited, like water, then often use is restricted to those who were accustomed to using it in past. e.g. Eng Bradford dyers, in Eng; NY & NJ grid w/er law, in Bennison notes.

~~Also~~ Encourages mmp.

Hence crowding $\rightarrow$ mmp; from this source.

But Lvt prevents .. the limited thing must be rationed. LVT rationing prevents its having cap value; prevents

- 29.** ☒ **STUDY OF MONOPOLY POWER (16 Volumes).**
 The 16 volumes listed here contain the testimony and exhibits of witnesses appearing before the Subcommittee on the Study of Monopoly Power during the investigations of monopolies and interlocking directorates in American industry. These volumes represent intermittent hearings held between July 1949, and October 1951. All books are paper-bound.

Catalog No. Y4.J89/1:81-1/

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✓ Serial 1, Pt. 1, <u>Aluminum</u> , (1951) 923 pages, with tables.	\$2.50
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Serial 1, Pt. 3 Supp., (1951) 4 pages.	5 cents
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CONTRACT FINANCING.
These regulations, issued jointly by the Army, Navy, and Air Force, cover the financing of contracts and sub-contracts for the national defense program by outlining the methods of financing, stating policies and contract clauses, and by describing procedures. They are applicable to the financing of all types of contracts under the Armed Forces Procurement Act of 1947, The First War Powers Act of 1941, and the Defense Production Act of 1950. (1952) 36 pages.

Catalog No. D101.10:715-35-5

20 cents

9. ☐ **LET'S HAVE CLEAN WATER.** A kit of selected materials prepared especially for community leaders and teachers for use in helping to solve local water pollution problems. Includes materials for conducting "clean-up" programs, such as background facts on water pollution, the role of the individual in the problem, copy for talks, suggestions for setting up program committees, and the use of visual aids. The contents of the kit are all popular and useful Public Health Service publications, selected primarily for community use. (1952) Kit.

Catalog No. FS2.2:W29/9

Paper, \$1.25

change without advance notice.

10. ☐ **THE TEACHING OF SCIENCE IN PUBLIC HIGH SCHOOLS.** After reading this survey of science teaching in America's high schools, many school leaders may want to conduct a study of the status of this important subject in their own systems. In this report, taken from a sampling of 755 public high schools, today's methods of teaching science are discussed, with suggestions given to the educator for providing adequate instruction to "tomorrow's scientists." (1950) 48 pages, with tables.

Catalog No. FS5.3:950/9

20 cents

~~World~~

'31, Am big 3 co production, up to 2040

'29 output.

Scaling Raw Mat. . . .

Muller, Charlotte F., "Light Metals Mnpy", NY: Columbia U Press,
1946 Very good on Alcoa & Dow, good details, on landownership.

Alcoa grew by strong financial connections with Mellons, by which
it financed its ambitious program of pre-empting best bauxite ore,
and strategic power sites.

It controls only 3% installed hydroelectric capacity U.S., 1938,
it was the sites best suited to Alcoa's needs: firm power, large
am'ts. "Not only is there a restricted natural supply of sites with
so large a potential, but also they must be found in places where the
land which must be bought & flooded can be cheaply acquired. The sites
should also be accessible to transportation, labor, & markets."
They acquired more than they used, "Alcoa argued that it pre-empted
no power beyond its anticipated needs for 'dog-in-the-manger'
reasons. It claimed that its far-flung web of power control was spun
to insure it a reliable source of power for future needs." (i.e., they
did not deny they had it) p. 69

& all of Ch IV "Power - lever of control" describes how
they acquired strategic sites, riparian rights, lands, by buying &
finagling.

Land in
Alcoa
mnp -
undermined.

Land as base of mnpus.

Robinson, Joam. "Rising Supply
Price." Economica, New Series

vol. VIII (1941) pp. 1-8. Reprinted.

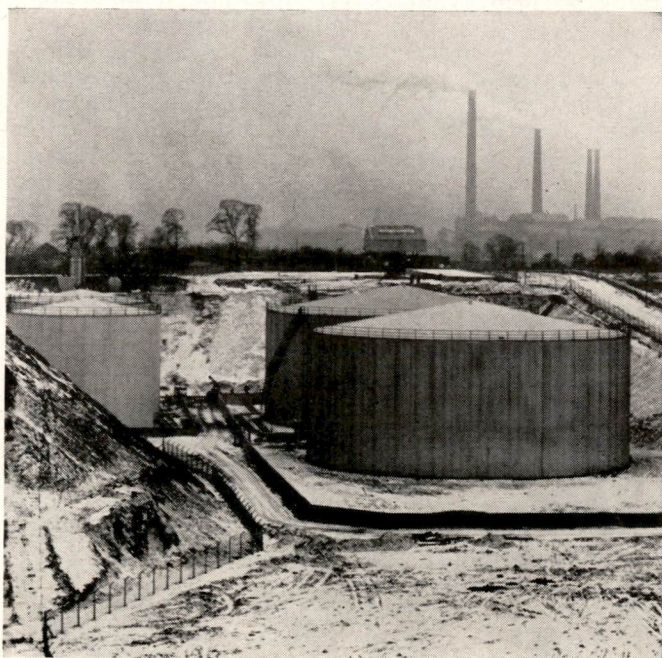
in Stigler G. & Bldg K eds, AEA
Rdgs in P. & Hy Chi: R.D. Irwin Inc.

1952. ^{pp. 233-41}
p. 240: natural

factors are more idiosyncratic,
unique, hence subject to rising
supply p. (8 mnpus)



Invaders, such as Total, and established companies both supply discounters to build up gallonage



Like other newcomers, Murphy Corp. had difficulty getting waterfront sites for storage. Chimneys mark river.



Second station in Britain for Gulf Oil Corp. is one of eight built in company's "selective" expansion program.

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Co. Ltd., jointly owned by Texaco and Caltex, has 7%. An additional 5% goes to Mobil Oil Co. Ltd., and Petrofina (G. B.) Ltd. sells about 4%.

Besides this problem, there's the question of service station outlets, which are limited and costly. Not counting country stores with one pump, there are about 30,000 sites seriously devoted to the selling of gas. Oil companies own only about 3,000 of these; the rest belong to private operators who have supply contracts with the oil companies.

Because zoning and planning authorities usually allow few new stations to be built, oil companies must compete for sites and the bidding often skyrockets prices. Moreover, when an oil company's contract with an independent operator is running out, the other oilmen compete for his signature. Not only does this raise the ante, but British operators generally want long-term contracts—up to 20 years, compared with three to five years in the U. S.—and larger sums of money.

The net effect of all this, say oil company executives, is that it costs an average 50% more to get a service station in a populated area in Britain than it does in the U. S.

Supply and demand. Despite these problems, a combination of supply and demand factors made it inevitable for international oil companies to single out Britain for their best marketing efforts.

On the demand side, Britain is the world's largest oil consumer outside the U. S., and in recent years the market has grown by 7% to 10% annually, as against 2% to 3% in the U. S. Since 1952, British oil consumption has tripled to over 50-million metric tons a year.

Part of the reason for this growth has been increased auto usage, with some 8.2-million vehicles on the road in 1962 compared to 3.6-million in 1952.

While Britain's consumption has been expanding, so has the world's available supply of oil. For instance, Total, Continental, Indiana, Phillips, and AGIP all have brought in significant finds of oil and gas in the Sahara, Libya, and the Persian Gulf. And, since the late 1950s, the pressures created by the oil surplus have been further heightened by U. S. controls on oil imports, which have forced U. S. oil companies into foreign outlets.

Aside from supply and demand, another factor has encouraged oil companies into Britain—the past relative price stability of the British market. This, oilmen say, is largely due to the fact that Shell-Mex and BP pretty much regulated prices

through its dominant market position: Presently, some discounting and price cutting is taking place, mostly at the pump level. But the price structure still is stable compared to other foreign markets.

Moreover, the spread of prices between what a company pays at the refinery, and what it sells it for to the service station is rather high—an estimated 6½¢ per gallon compared to 3¢ to 4¢ in the U. S.

Attack. After weighing the pros and cons, the invaders chose their methods of attack. These have narrowed down to three:

- Buy a going British company.
- Expand existing operations.
- Build up distribution systems from scratch.

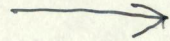
Continental and Indiana chose the first method. In mid-1961, Continental bought the biggest of the fast-growing private branders, Jet Petroleum, Ltd., which had been buying supplies from overstocked refineries across the channel and selling gas at 3¢ to 7¢ below major brand prices. Accelerating its already rapid expansion program, Jet now has over 500 outlets.

Indiana has been trying to keep its invasion quiet, but some of its intentions came to light last year when it bought out the independent British lubricants manufacturer, Vigzol Oil Co. Ltd. Since then, it has been using Vigzol's good will and contacts as a base for expansion into other products. At one point, it said that it hopes to begin marketing a complete range of products in Britain sometime this year.

Expansion. Gulf and Tidewater have been expanding from existing wholesale bases. Gulf has been selling lubricating oils in the British market for over 30 years, and since 1954 has been in the fuel oil business as well. But last summer, after months of denials, it opened its first service station in Birmingham. Since then, it has acquired seven more outlets and storage space on the Thames and Mersey rivers and on the Bristol Channel in preparation for national distribution. This week, Gulf announced it will purchase British independent refiner, Berry Wiggins.

Tidewater, similarly, has been wholesaling lubricants since the 1920s. In 1961 it entered the retail market on a modest scale. The company denies it has plans for expansion into gasoline. While the industry is skeptical, the recent sales of its Kalundborg, Denmark, refinery and its Norwegian marketing company would seem to back up its statement.

The hard way. Of the four com-



Merchants integrate ^{conase} producers; bankers integrate industries.
Source of capital, in either case.