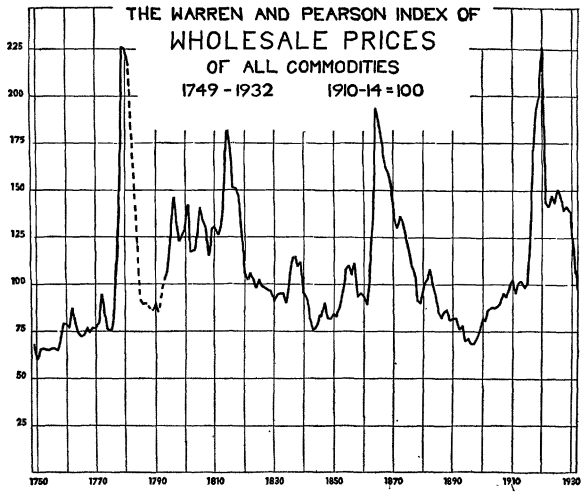

FIG. 6. Plot of the Warren and Pearson Index of Wholesale Prices, from figures in their book prices (John Wiley and Sons, 1933) on pp. 11–13.

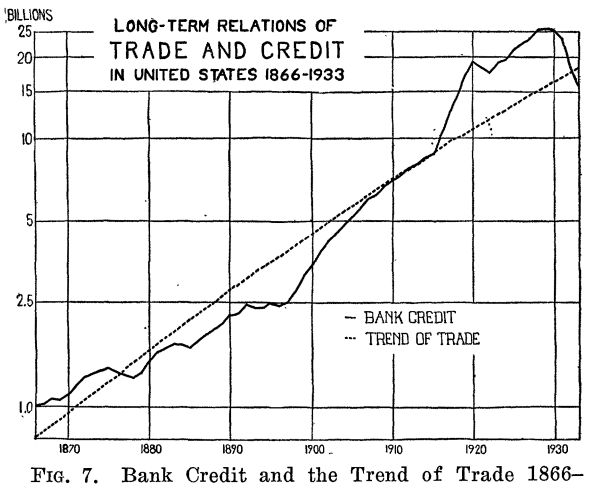

FIG. 7. Bank Credit and the Trend of Trade 1866–1933 (after Snyder).

On the index in the figure the 1926 price level was essentially a war level, a level which has been equalled for less than a decade during and after the civil war, for only about 5 years around 1812, and for only a few years around 1780. Possibly the 1926 level of prices has been equalled or surpassed only in some 25 years of the past 180—possibly one seventh of the time. What is the sense of talking about the 1926 level as normal? Can there be any such thing as a normal level? But the answers to these questions are not my main concern. I am trying to show that one important economic index *viz.*, that of wholesale prices, has very large long-term fluctuations. If you should try by any statistical means to forecast prices between 1913 and 1930 from the data for prices 1895 to 1913, you must inevitably fail.

Let me take another index, namely, Carl Snyder's comparison (Fig. 7) of bank credit versus the trend of trade.[10] Bank credit is a medium of exchange and trade is an exchange of goods; they may both be more than just that, it depends on one's definitions. You will note that the line for bank credit was constantly below that for the trend of trade from 1877 to 1907 and constantly above it from 1917 to 1932. I may again warn that other indices by other persons may show differences in detail, possibly considerable differences; but the point is that we have had a major oscillation of the amount of credit about the trend of trade during the past 60 years, that in so far as Snyder's figures are sound (and they are the careful work of one who tries honestly to follow the statistical situation) we have had for about 15 years a great excess of bank credit over trade; that excess has now perhaps been liquidated. It is barely possible that it had to be liquidated. We are no longer adherents to the ancient motto, "Neither a lender nor a borrower be," we have departed far from the doctrine that "the borrower is servant to the lender," possibly the lender has become merely the dupe of the borrower; but under any system of folkways and mores in a society which uses credit, it may be that at times we have over-extension of credit. What then happens or what to do about it or what may now happen next I do not know. Perhaps others do not know. Whatever others may do, I do not pretend to know when evidence available to me shows that I have no business to claim to know. The reason we have so many failures in forecasting is that we presume to forecast the as yet unforecastable or attempt to control the as yet uncontrollable. So long as there are among us in high position those who exercise that presumption it may not be wholly amiss that a less competent, a less presumptuous person like myself, be permitted to address you on such a subject as I have to-night.

SCIENTIFIC EVENTS

RECEIPTS OF THE NATIONAL FORESTS

INCOME from the national forests for the fiscal year ending June 30, 1934, amounted to $3,314,691, an increase over 1933 of $688,642 or 25 per cent. Gains in timber and waterpower receipts were offset to some extent by decreases in revenues from grazing permits.

Timber sale receipts amounted to $1,499,216, resulting largely from renewed operations in sales contracted in previous years. National Forest timber

[10] *Economic Forum*, pp. 275–290, summer, 1933. Mr. Snyder has very kindly supplied the data from which to reproduce and bring up to date so much of his Chart II as I need in Fig. 7.

sales in recent years have amounted to as much as $4,000,000 annually, but dropped in 1933 to $756,747. Other forest products, including turpentine sales from national forests in the South, brought in $15,931. Operations in all timber sales in the national forests are carried on under direct supervision of forest officers in such a way as to insure continuous timber production on the areas under control. It is this principle of "sustained yield" that the lumber industry has now pledged itself to extend to privately owned timber lands, in the conservation provisions of the Lumber Code.

Receipts from water power permits more than doubled, amounting to $124,946, as against $60,191 for the fiscal year 1933. Special use receipts, including summer home permits and rentals for resort privileges, amounted to $297,830. No charges are made, however, for visiting or camping privileges in the national forests.

These gains in receipts were offset to some extent by the decrease of more than $100,000 in grazing fees. To meet emergency drought and other unfavorable conditions in the livestock range regions, the grazing fees were adjusted downward by Secretary Wallace, and grazing privileges for which the stockmen paid about $1,500,000 in the fiscal year 1933 brought considerably less in 1934. The figures for cattle and horses were $764,686; for sheep and goats, $579,624.

The only region to suffer a net loss in national forest receipts was the southwestern region, including New Mexico and Arizona, where large areas of national forest land are devoted to grazing.

Twenty-five per cent. of the receipts of national forests are turned over to the states to be pro-rated to the counties in which the forests are located, for road and school purposes. An additional 10 per cent. is earmarked for expenditure on national forest road construction in the counties of origin.

THE ELM TREE DISEASE IN NEW YORK AND NEW JERSEY

THE $155,000 appropriation for eradication of the Dutch elm disease, which was passed at the extra session of the New York Legislature, has received approval of Governor Herbert H. Lehman.

He has issued a memorandum calling upon citizens to cooperate in combating the disease. Out of the $155,000 appropriated, $142,500 is for the Department of Agriculture and Markets for eradication purposes and $12,500 for the State College of Agriculture, Cornell University, for investigating the disease. The Governor wrote:

> The Dutch elm disease is growing in virulence in this state. I have had communications from the governors of neighboring states in which they express concern about the spread of the Dutch elm disease. I am glad the State of New York realizes the importance of combating and eradicating the plague and is ready to take the lead in a vigorous campaign.
>
> The detection of Dutch elm disease by the Department of Agriculture and Markets will be greatly expedited by cooperation of our citizens. I hope the people will immediately report to the Department of Agriculture and Markets the existence of any Dutch elm disease in their vicinity. If at all possible, our elms must be saved.

A special correspondent to the New York *Herald-Tribune* writes that the New Jersey State Department of Agriculture announced on August 24 that the number of diseased elm trees in New Jersey is greater than had been anticipated and that 1,000,000 trees in the infected area of Essex, Union and Hudson counties might die because of the lack of federal funds for their care.

The Legislature has appropriated $30,000 to destroy infected trees and already 731 have been cut down. William B. Duryee, Secretary of Agriculture, stated the sum of at least $250,000 would be needed for the present fiscal year and the next to remove trees that present estimates show are likely to be infected during the next eighteen or twenty months.

It is proposed to use the balance of federal and state funds available to establish a barrier zone five to ten miles wide around the infected area, removing elms in that sector to prevent the outward spread of the disease and abandoning elms within the infected area to their fate.

Lee A. Strong, chief of the Bureau of Entomology and Plant Quarantine, has recently issued a statement in which he said:

> A diseased tree can not be treated; it must be removed and burned. It is believed that a small beetle which infests the trees carries the disease to uninfected trees. If diseased and beetle-infested trees are not removed and immediately burned, the beetles leave the infected trees and move to uninfected trees. Thus the disease is rapidly and widely spread. The indications are that unless a vigorous, consistent program is carried out to remove and burn every infected tree, the elms of America may follow the American chestnut to almost complete destruction by disease. All the United States Department of Agriculture can do with the limited funds at its disposal is to conduct scouting operations to find the diseased trees and coordinate the eradication activities, although some money is being spent to take out trees which are obviously most dangerous to areas not yet infected and which otherwise could not be removed in time. If individuals, cities, counties and states will at once undertake and aggressively carry out the right kind of a program of eradication, there is a fair chance of eradicating the disease. Failure to do this probably means dedicating the elms of America to disease and death.