

# U. S. Steel's 1940 Report Reveals How Industry is Serving Nation

## Geyer Explains Aid Fund Vote

In his weekly letter to constituents from Washington, Rep. Lee E. Geyer said this week that although he opposed the lend-lease bill and will continue to work for repeal of that law and there-by change the national policy, he voted last week for the seven billion dollar aid-to-Britain fund.

Geyer stated that he endorsed the appropriation because he believes anyone who places obstacles in the way of carrying out national policy is guilty of sabotage. He made this explanation to state his stand that, even though he opposed the bill and still opposes it, he will support the policy the bill creates and to do otherwise would be disloyal.

## Walterlin Succumbs to Heart Attack

Albert E. Rankin, 42, was found dead in bed at the home he shared with his brother, Francis, at 28871 Park st. Walterlin yesterday morning. Death is believed due to a sudden heart attack. Mr. Rankin, who was born in Lima, Ohio, was also survived by his mother, Mrs. Henrietta Rankin of Bell; another brother who lives in Texas and three sisters. The funeral service will be held in Bell early next week, according to Stone and Myers' mortuary.

## FORT HUACHUCA EXPANDS

FORT HUACHUCA, Ariz.—(U.P.)—Fort Huachuca's population has topped the 6,000 mark. More than 1,500 trainees from the East have arrived.

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## Harbor Hills Buildings Near Completion

Interiors of all 52 buildings in the Harbor Hills low-rent housing development at Western Ave. and N. Palos Verdes Dr. have been completed except for installation of electrical fixtures, officials of the County Housing Authority said today. Exterior painting of seven buildings has been completed, and work is now progressing rapidly on other buildings, officials further reported.

The housing authority said that landscaping of the \$1,300,000 low-rent development has begun this week and that paving of parking areas would begin shortly.

## Final Inspection in May

The general contractor on Harbor Hills reported to the housing authority that all incinerators have been completed, that sidewalks are 60 percent completed, that the overhead electrical system is 90 percent completed, and that electrical connections to 30 buildings have been completed.

It is expected that final inspections on a number of buildings will be made by May. The Harbor Hills development will be operated by the County Housing Authority exclusively for families now living in overcrowded and run down dwellings. Families with income sufficient to pay rents averaging \$18.50 a month, including water, gas and electricity, for one to three bedrooms will be eligible to apply for homes in the new community.

Officials said families with children would be given preference.

## Narbonne Theaters Prepare Heavy Drama

Narbonne's own Little Theatre Guild will again "trod the boards" with a heavy drama, to be entered in the Drama Tournament at San Pedro high school April 25. The play selected by Mrs. Betty MacKinnon and the Guild is "The Drums of Oude." It concerns a group of Englishmen and Hindus besieged in a garrison in India. Surrounded by a Sepoy uprising, the story depicts their conduct in the face of death. Mrs. MacKinnon says it is a thrill to the end.

Tyson is a capital offense in 16 states.

## Sales Near '29 Peak But Profits Less, Chairman Olds Says

The annual report of a firm that employs 254,000 people—nearly 2,000 of them in Torrance—and whose net income for 1940 was more than 102 millions—yet whose earnings last year were below those of 1929—has more than just a passing interest for men and women interested in the industry of democracy.

Such a report is that of the United States Steel Corporation, parent of the Columbia Steel Company, and one of the nation's strongest defense arms. Divested of tiresome columns of figures and readable to an unusual degree for John Citizen is the following condensation of that industry's 1940 statement issued this week:

"The nation's program should be prosecuted with the utmost vigor and with a single-minded zeal. This requires that it be divorced from objectives not legitimately embraced in the defense measures and that no group seek an undue advantage," Irving S. Olds, board chairman of the United States Steel Corporation, said in the annual report. "The execution of the national defense program," continued Olds, "necessitates the utmost in management skill, for not otherwise can full, coordinated production be achieved. Such a program, however simple in conception, calls for sound statesmanship in application, not only by the business community, but by the Government, labor and all those who bear responsibility for results."

The demands of the war abroad and of armament at home did not, said Olds, "directly absorb the major portion of the Corporation's 1940 steel output, but such tonnage, together with that indirectly required, added materially to the output of steel in the year. It is anticipated that increasingly larger quantities of steel will be required, directly or indirectly, in connection with the war abroad and our national defense. The needs of customers, whether government or private, now, as always in the past, control the extent of United States Steel's activities.

"The fall of France, Belgium, Denmark, The Netherlands, Luxembourg and Norway left the United States as the one nation which could export steel in large quantities and, therefore, as the principal source of steel supply for the important needs of that portion of the world not under Axis control."

Not "Typical Earnings" The net income of the corporation amounted to \$102,211,282 in 1940 compared with \$41,119,934 in 1939. The higher level of operation in 1940, as compared with the previous year, resulted in

costs, but these have been insufficient to offset the rising expenses over which the corporation has little or no control.

"Earnings in 1940, after payment of the 7 percent cumulative dividend on the preferred stock, were equal to 7.5 percent on the common stockholders' average equity, the latter being the sum of the stated value of the common stock, capital and earned surplus, and insurance reserves. Although experiencing in 1940 a period of relatively large demand for their products, the subsidiaries, it should be borne in mind, are engaged in a fluctuating business, as is evidenced by the periods of small demand in recent depression years. Therefore, the results for 1940, or for any other short-term period, should not be regarded as a measure of typical earnings. The average earnings on the corporation's common stock for the five-year period 1936-1940 were only 8.1 percent, while for the ten-year period 1931-40, which included the deficit years of 1932, 1933, 1934 and 1938, there were no earnings on the common stock."

## Every Defense Call Met

Referring to earnings, the chairman asserted: "If the nation's productive mechanism is to continue effectively to function, the earnings of any basic industry over the years should be sufficient to pay a reasonable amount to the owners, to attract additional capital when required, and to permit retaining enough money to provide for technological progress and for future emergencies."

Stating the policy of the corporation in the national emergency and the scope of its present activity Olds observed: "Throughout the history of the corporation its management has realized that, although it is a private enterprise, its larger usefulness can be attained only by serving the nation. Out of broad experience it has learned that periods of war bring only transitory profits and result in long, continued, serious disturbances and enduring increases in cost. Except in national emergencies, such as the present, United States Steel's policy has been primarily to manufacture and sell steel products for normal, peacetime needs. But today, in its endeavor to cooperate fully with the government in the national defense program, the corporation is proud to be able to say that every call made upon its facilities has been met speedily and completely.

"United States Steel is building destroyers and cruisers; it is developing additional armor plate facilities to meet the requirements of the naval and military expansion programs, it is

## These Figures Tell Story of 'Big Steel's' 1940

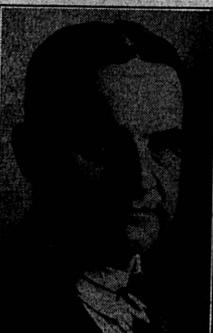
Highly significant relationships of the U. S. Steel Corp. to the general public and its employees are shown here: Jobs, Hours, Payment to Workers, Government.

Average number of workers employed in 1940	more than in 1929	4%
Average weekly earnings per worker in 1940	more than in 1929	4%
Average hours worked per week in 1940	21% less than in 1929	
Government received in taxes in 1940	more than in 1929	55%
Common stock owners received in dividends in 1940	less than in 1929	45%

The year's record of U. S. Steel as reduced to one page in the annual report is as follows:

How U. S. Steel Earned Its Living in 1940		
Amount (Million \$)	% of Total	Amt. per Employee
\$1,081	100.0	4,249
This sum was disposed of as follows:		
Goods and services sold		
from others	370	34.2
Wear and usage of facilities (depletion and depreciation)	71	6.6
Taxes (local, state, Social Security and other Federal)	85	7.9
Interest paid (for the use of Savings bond owners, etc.)	14	1.3
Leaving wages for workers and for the use of facilities	541	60.0
These wages were disposed of as follows:		
Wages and salaries for workers	498	51.0
Wages for use of facilities	102	10.0
These wages for the use of facilities were disposed of as follows:		
To holders of preferred stock	25	4.7
To holders of common stock	85	6.5
Retained for future needs	42	7.8

## First Annual Statement



IRVING S. OLDS

Elected board chairman of U. S. Steel June 4, 1940, Irving S. Olds has been engaged in legal work related to matters of organization and administration of corporate business enterprise since 1919. Born 53 years ago in Pennsylvania, he graduated from Yale in 1907 and from Harvard Law School in 1910. He was secretary to Justice Oliver Wendell Holmes of the U. S. Supreme Court for two years and served as counsel for the British War Mission's purchasing department in the U. S. during World War I. He became associated with U. S. Steel in 1936 when he was elected member of the board.

larger earnings, although there was no increase in the published prices for U. S. Steel's principal products. The dollar volume of sales in 1940 approximated that of 1929. "But 1940 earnings," said Olds, "reflecting the effect of increased taxes, wage and other costs, were substantially below those of 1929. In the intervening years, the corporation's program of plant modernization has brought about some savings in

producing shell forgings, unloading shells and bombs of various sizes; it is sending large quantities of steel to Great Britain and Canada; it is supplying a steady flow of steel to manufacturers in different parts of the country who have taken contracts with the Army or the Navy under the defense program; and its ocean-going steamers are bringing strategic materials from distant foreign ports to meet defense needs."

## Cross-Section of America

The report for 1940 following the precedent of the 1939 report, reduces the year's record to its economic elements and states the whole record for the year in a single page, not only giving total amounts but also reducing all payments to a per employee basis. The operations for 1940 are thus described:

"During the year, U. S. Steel employed 254,000 people on the average and a vast number of tools, plants and other facilities of a value of about \$1,388 million and belonging to about 217,000 stockholders, to produce about 23 million net tons of steel ingots and 13 million barrels of cement; to complete 15 ships totaling approximately 100,000 gross tonnage; to provide millions of rail and water transportation miles. The public bought and paid \$1,081 million for these goods and services only because what U. S. Steel had to offer in price, quality or delivery, was as good or better than the offerings of competitors. These goods had to be sold, and could be sold, only to those who had the ability and desire to buy. The domestic buyers represented a cross-section of America. Users of steel extending over a wide field of state and local governments, \$17 million was for Social Security taxes and \$29 million for the Federal government for other

Next came the construction industry, followed in order by the railroad, container, automotive, machinery and tool, oil and utility, and the metal-shaping industries.

"The wages of the workers as well as of the owners of the corporation depend both upon the ability of the American people to buy and upon the ability of the corporation to maintain its competitive position.

## Taxes \$5 Million

"In order to do business, U. S. Steel necessarily purchased goods and services from others in the amount of \$370 million and retained or spent the sum of \$71 million to cover the wear and usage of facilities. The wear and usage item is a vitally important cost. In so far as tools, machinery and the like are concerned, it is a kind of wearing-out for the year, while in mining it covers the exhaustion of raw materials.

"Unless provision were made for replacing tools and raw materials used in the course of production, there would come a day when U. S. Steel would have only poor, obsolete tools and no raw material reserves, and could not turn out goods and services which the public would buy rather than those produced with better tools and adequate natural resources. The future of jobs and wages is closely bound to adequate provision for wear and usage. These amounts largely provided the more than \$700 million expended in the modernization program since 1927.

"The corporation further set aside \$85 million for payment of taxes to hundreds of taxing units. Of this sum, \$38 million was for state and local governments, \$17 million was for Social Security taxes and \$29 million for the Federal government for other

than Social Security taxes. The sum of \$14 million was set aside to pay interest for the use of borrowed savings.

## Average Pay \$1,724

"After having borne these costs—all of which had to be borne if business were to be done—the corporation had left the sum of \$541 million, which was about one-half of the dollars it had received from the public in exchange for goods and services. This was the only sum of which the managers could avail themselves to pay wages and salaries and to pay the owners for the use of the facilities the workers used to produce goods and provide services. The sum of \$439 million, or 81 percent of the funds left over, was paid for wages and salaries.

"This was an average payment per worker for the year of \$1,724. Probably no one received exactly the average payment. Some men and women received less than the average and some received more. Each received in accordance with the rated value of his or her services. The salaries of \$10,000 and over paid during the year amounted to less than 1.5 percent of the total payroll.

"After paying wages and salaries, there remained the sum of \$102 million. Of this, approximately \$25 million was set aside for about 69,000 owners holding preferred stock and approximately \$35 million was set aside for about 163,000 owners holding common stock.

## Investment in Future

"There remained the sum of \$42 million which the directors, upon the recommendation of the management, left in the business for future needs. This sum became part of what is in the nature of insurance and is of supreme importance in maintaining a going business.

"It is as important to the security of the workers and the public as it is to the owners, for it must stand the losses during the periods of bad business, the changes in tools and machinery demanded by scientific progress over and above the sums set aside for ordinary wear, use and obsolescence, the payment of long-term debt and other obligations, as well as the meeting of emergencies which are bound to occur but which cannot always be foreseen.

"In view of the obvious uncertainties of war and post-war conditions and their effect upon future operations, retaining a sum for future needs is of especial importance."

## Housecleaning Time Helps Salvation Army

The passing of a cold Winter makes Spring all the more welcome and inspires us to emulate nature and make everything look fresh and clean and, as far as possible, new.

It is the "Gather-Up Time" for the Salvation Army Men's Social Service store located at 1309 Post ave. in Torrance. Perhaps you have an accumulation of material that you could easily dispose of; things that you have been reluctant to part with, but which time has shown you will never need. Many of these things would be of untold blessing to those less fortunate than you.

Simply place all the material that you wish to dispose of in a convenient place and phone 893, or send a postcard to 1309 Post ave. in Torrance, and arrangements will be made for a Red Shield truck to call at once.

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