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## FDIC Banks Report New Record Loans, Discounts And Deposits

Loans and discounts reported by 13,423 insured commercial banks as of June 30, 1941, amounted to \$19,913,000,000, the highest figure ever reported to the Federal Deposit Insurance Corporation, FDIC Chairman Leo T. Crowley announced on Sept. 2. Deposits reported as of June 30, 1941, also were higher than on any other call date during the existence of the FDIC. Loans and discounts rose \$2,893,000,000, or 17%, since June 29, 1940. This increase, chiefly in connection with commercial and industrial or "business" loans, may be attributed in considerable part to increased business activity under the impetus of the defense program, it was explained.

The comparative statement of assets and liabilities of all insured commercial banks issued by the Corporation also revealed the following significant items:

1. The total deposits were the highest since the inauguration of deposit insurance and amounted to \$65,617,000,000, an increase of \$7,191,000,000, or 12% from a year ago. Increases in loans and securities of the banks, inter-bank redepositing and a continued influx of funds from abroad have added to the existing large volume of deposits. The expansion of deposits over the year period was chiefly in deposits of individuals, partnerships, and corporations, payable on demand, which increased \$5,432,000,000, or almost 19%. Deposits of domestic banks, including certified and officers' checks and cash letters of credit, increased by \$1,039,000,000, or about 11%.
2. Cash and funds due from banks showed an increase since June 29, 1940 of \$1,134,000,000, or almost 5% and amounted

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## Farm Income Outlook Best in Many Years

Farmers will be favored this fall and winter by a continuing high level of consumer buying power, the Department of Agriculture said on Sept. 1 in its release covering the features of the current and prospective agricultural situation. Department of Agriculture economists look for no sharp advances in prices received by farmers during this period, but they say that total farm income will be the largest in more than a decade. Cash farm income during the last half of 1941 will be about \$1,000,000,000 more than in the like period of 1940. The spread between prices received and prices paid by farmers has been narrowed this year, but the average of purchasing power of farm products continues below parity. The Department's announcement further says:

Average of prices of farm products is only slightly higher now than at the beginning of summer, but the total volume of marketing is increasing as fall harvesting of crops and marketings of livestock get under way. By the end of this month, nearly 12,000,000 people will be working on the farms—filling silos, picking cotton, cutting tobacco, picking fruit, digging late potatoes, harvesting rice, picking and husking corn, preparing the seedbed in the Plains country for new crops of winter grains.

Department economists report that the supply of most foods will be larger this fall and winter than last, and that prices have not gone up as much as consumer incomes have increased. A dollar buys slightly less food this year than last, but people have more dollars. Total food consumption in the United States this year is the largest on record. About 45 cents of each dollar spent by consumers for food goes to the farmer; the remainder of the consumer's dollar pays for processing and distribution.

## THE FINANCIAL SITUATION

It has often happened in the past that vacationists returned to the Street after the Labor Day holidays refreshed and ready to settle down to the real work of the autumn and winter only to find that the uncertainties which had perplexed them before they left for the country still awaiting them. It is more or less a certainty that this history will repeat itself this year. The financial community can not, of course, and will not merely sit with folded hands awaiting developments. It can and doubtless will proceed as it has done in other similar periods of perplexity to study the situation carefully, calmly and then to do what business circumstances permit taking what precautions it can to avoid finding itself presently the victim of unforeseen turns of events. That is the American way of doing things.

It is plain, however, that some weeks will elapse before it will be possible to see far ahead very clearly. Aside from the uncertainties inherent in the world situation as it exists today, and, incidentally, in the state of domestic political affairs, two major uncertainties immediately confront those who make their living in the securities business, the banks, and the investor, both individual and institutional. One of

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## Our Reporter On "Governments"

Rarely in the recent years of the great Government bond market has trading been so dull, has interest in the price trends of Treasury obligations appeared at so low an ebb. . . . Glancing just at the day-to-date quotation sheets or talking desultorily with some professional trader, you would get the impression that nothing is happening — and nothing of importance is going to happen until the news from abroad takes a drastic turn one way or the other. . . .

But if you did get that impression, you would be 100% wrong. . . .

These are crucial days in the high-grade bond markets, in the Government mart, especially. . . . We're in a waiting period today, true—but we're waiting for news that may be of vital significance to every institutional and individual holder of U. S. securities. . . .

A major reversal in monetary policies by the Treasury and the Federal Reserve Board is in the offing. . . .

A fundamental change in Government financing tactics is in the making. . . .

And in the general over-all picture—in loans, business, banking programs—events of prime importance are shaping up. . . .

It's too early to make any definite predictions with any confidence of accuracy. . . . For the chances are that the pattern won't come out clearly until mid-September. . . .

But here at least are the reports—for your information and serious consideration between now and the date that the first news item breaks. . . .

### The Reserve Situation

To begin with, there's an authoritative story around today that Secretary of the Treasury Morgenthau and Federal Reserve Board Chairman Eccles have resolved their four-year-old fight

over monetary policies (and over the source of financial power in Washington). . . .

If that's true—and informed quarters believe it is—there'll be little or no opposition to Eccles' strong desire to raise bank reserve requirements at least to the present legal limit. . . .

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U. S. Bureau of Mines reports that Portland Cement production and shipments continue higher than year ago. Stocks at mills 7.3% lower than year ago. Page 21

Production of bituminous coal and anthracite for latest week continues above a year ago. Page 22

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## FROM WASHINGTON AHEAD OF THE NEWS

A relative calm is likely to prevail over Washington for the next several weeks. For one thing most of the members of Congress have gone off on vacations on a gentlemen's agreement that no major business will be transacted. But more responsible was the

creation of Mr. Roosevelt's latest alphabetical agency, the SPAB. Not a single additional gun or a single additional plane will come off the production line but there won't be much, if any, more agitation out of Washington about "needs" having been been grossly and unpatriotically underestimated.

The reason for this is that the agitation has accomplished its purpose: The complete subordination of the Dollar-a-Year men to the New Dealers. For sometime it has been apparent to the closer observers and from now it should be patent to everybody, that the overall defense spending agency in Washington is H-H-R. Henderson to Hopkins to Roosevelt. Inasmuch as Hopkins is still in bad health and occasionally goes away to places like London and Moscow, Henderson is the unchallenged Barney Baruch of the Second World War.

His rise in the New Deal, slow at first, then by leaps and bounds, from an ordinary job with the Russell Sage Foundation, is one of the country's outstanding success stories. Henderson insists he is no Leftist. He once described himself as one of the most laissez faire members of the New Deal. He now describes himself as a "middle-of-the-roader." These ideological distinctions mean nothing in Washington these days. It means little whether a man is a Leftist or a Rightist. He is a Bureaucrat and with a view to advancing himself, quite understandable, he

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## The State Of Trade

Business activity continues to hold at extremely high levels. However, it is expected that seasonally adjusted business indices this month probably will show the first decline since April. It is pointed out that the decline will be statistical rather than real, because industrial activity which is already at record breaking levels in many quarters, is unlikely to make the usual seasonal gains.

The adjusted Federal Reserve Board index of industrial production is estimated to have reached 164 per cent of the 1935-1939 average during August, a two point rise from the preliminary index reported by the Board for July. This rise was due in large measure to the relatively heavy volume of automobile production last month. It is estimated that output exceeded 200,000 units, production being maintained at a high level because changes in models were limited.

Observers state that no material letup in retail trade is expected during the autumn. On the contrary since many elements are working toward higher prices, and since there is no likelihood of an all-around wage decline, the chances favor greater trade activity. There may be unemployment because of a shift from consumer goods to war orders, and there still are strikes in progress, but wage outlays probably will tend to increase.

This week the steel industry is expected to operate at 96.3 per cent of capacity, says the American Iron and Steel Institute, against 96.5 per cent last week, which is an indication of what the promise of overtime payment will do in eliminating the usual holiday closings.

The National City Bank of New York in its current monthly letter states that the boom in retail sales is an outstanding feature of trade reports. In recent weeks it has amounted to a rush by consumers to lay in supplies of many kinds—not only durable goods, but apparel as well.

One of the government agencies is said to have predicted that 5,000 to 6,000 factories may be affected by materials shortages, and Mr. Henderson has stated his belief that the number of workers involved, and in part facing temporary unemployment, might exceed 2,000,000.

It is pointed out that this curtailment will not come uniformly or overnight, or that it will necessarily develop more rapidly than the labor, or most of it, can be absorbed in defense work. It is further stated that in many cases manufacturers still have good stocks of materials on hand, accumulated during the last year, and these stocks will cushion the

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## World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Sept. 1 as follows:

|              | Argentina | Australia | Canada | England | France | Germany | India | Japan | Mexico | New Zealand | Sweden | Switzerland | United States |
|--------------|-----------|-----------|--------|---------|--------|---------|-------|-------|--------|-------------|--------|-------------|---------------|
| 1940—        |           |           |        |         |        |         |       |       |        |             |        |             |               |
| May          | 120       | 118       | 120    | 143     | 116    | 113     | 112   | 131   | 132    | 112         |        |             |               |
| June         | 118       | 118       | 120    | 144     | 116    | 113     | 114   | 131   | 136    | 109         |        |             |               |
| July         | 118       | 118       | 120    | 145     | 115    | 112     | 114   | 132   | 140    | 109         |        |             |               |
| August       | 118       | 119       | 120    | 150     | 115    | 111     | 120   | 132   | 144    | 109         |        |             |               |
| September    | 116       | 120       | 121    | 145     | 116    | 110     | 122   | 135   | 153    | 111         |        |             |               |
| October      | 113       | 123       | 122    | 145     | 117    | 110     | 120   | 139   | 158    | 114         |        |             |               |
| November     | 113       | 125       | 124    | 146     | 118    | 111     | 118   | 142   | 164    | 118         |        |             |               |
| December     | 113       | 126       | 126    | 149     | 120    | 111     | 119   | 144   | 168    | 118         |        |             |               |
| 1941—        |           |           |        |         |        |         |       |       |        |             |        |             |               |
| January      | 114       | 127       | 126    | 150     | 120    | 111     | 119   | 144   | 172    | 120         |        |             |               |
| February     | 114       | 126       | 127    | 150     | 121    | 113     | 119   | 147   | 171    | 120         |        |             |               |
| March        | 119       | 122       | 129    | 150     | 123    | 114     | 119   | 154   | 176    | 122         |        |             |               |
| April        | 121       | 124       | 131    | 150     | 125    | 115     | 119   | 156   | 180    | 125         |        |             |               |
| May          | 126       | 120       | 134    | 152     | 129    | 117     | 120   | 156   | 189    | 129         |        |             |               |
| June         | 133       | 121       | 137    | 155     | 131    | 119     | 121   | 155   | 193    | 132         |        |             |               |
| July         | 136       | 120       | 142    | 158     | 137    | 123     | 123   | 156   | 194    | 137         |        |             |               |
| 1941—        |           |           |        |         |        |         |       |       |        |             |        |             |               |
| Weeks ended: |           |           |        |         |        |         |       |       |        |             |        |             |               |
| July 5       | 133       | 121       | 139    | 155     | 134    | 123     | 121   | 154   | 194    | 135         |        |             |               |
| July 12      | 133       | 121       | 141    | 156     | 134    | 126     | 121   | 156   | 194    | 137         |        |             |               |
| July 19      | 133       | 121       | 141    | 156     | 136    | 126     | 122   | 155   | 194    | 136         |        |             |               |
| July 26      | 133       | 120       | 143    | 157     | 137    | 126     | 124   | 155   | 194    | 137         |        |             |               |
| Aug. 2       | 136       | 120       | 142    | 157     | 138    | 123     | 123   | 156   | 194    | 137         |        |             |               |
| Aug. 9       | 136       | 120       | 142    | 158     | 137    | 123     | 123   | 156   | 194    | 137         |        |             |               |
| Aug. 16      | 137       | 120       | 142    | 157     | 138    | 127     | 123   | 156   | 194    | 137         |        |             |               |
| Aug. 23      | 138       | 120       | 143    | 157     | 139    | 128     | 123   | 156   | 194    | 137         |        |             |               |

\* Preliminary. r Revised

## LEGAL ODDITIES

### BACK FROM THE DEAD

To the Dismay of an Insurance Company

It is a familiar bit of "fireside law" that a person not heard from for over seven years by those parties who ordinarily would hear from him if he were alive, is presumed to be dead, when these facts are proved, his estate may be administered by the Courts and closed as if he were known to be dead, and if he has life insurance payable to his widow it may be collected in the usual way.

It is, of course, quite possible that the absent one is presumed to be dead, there may even be a court order declaring him dead, the widow may remarry, and then the "dead" man return alive and well. This situation has already been exploited by the late Lord Tennyson in the familiar poem "Enoch Arden."

Now, suppose that the absconder insures his life in favor of his mother, disappears, nobody hears from him for 8 years, the Court adjudges him dead, the mother collects the insurance money, the prodigal "blows into town" some fine morning, alive, well, and calling for food and drink, and the town gossip reports the matter to the insurance company.

Can the company compel the mother to return the insurance money?

"That's pure imagination — couldn't happen in real life," the reader may contend, but this exact point was passed upon by the Iowa Supreme Court in a case where the facts were "on all fours" with the "imaginary" case set forth in the preceding paragraphs.

"Well, the decision was in favor of the insurance company, for the Court wouldn't let the mother hold the insurance on a live man," the reader may conclude, but, as a matter of fact, the decision was against the company and the mother retained the coin.

"Where parties have entered into a contract or arrangement based upon uncertain or contingent events purposely as a compromise of a doubtful claim arising from them and there is no evidence of bad faith, violation of confidence, misrepresentation, concealment, or other inequitable conduct, if the facts upon which such agreement or transaction was founded turn out very differently from what was expected or anticipated, this error, miscalculation, or disappointment, although relating to a matter of fact and not of law, is not such a mistake within the meaning of the equitable doctrine as entitles the disappointed party to any relief. In such classes of agreements and transactions the parties are supposed to calculate the chances, and they certainly assume the risks," said the Court.

## Statistics For Crude Petroleum And Refined Petroleum Products During Month of June 1941

Crude-oil production continued to rise in June 1941, stated the Bureau of Mines, U. S. Department of the Interior in its current monthly petroleum report. The daily average in June was 3,834,200 barrels, which was about 60,000 barrels above the average in May but not up to the record months of March and April 1940. The Bureau further stated:

All the important producing States increased their production in June, with Kansas making the largest relative gain and Texas the smallest. The upward trend in Illinois was resumed. Even Michigan, which had been slumping rapidly, made a gain in June.

Although crude runs to stills moved up to a new peak of 3,865,000 barrels in June, the gain in production and imports was considerably larger, with the result that about 3,500,000 barrels of crude was withdrawn from storage, compared with about 4,500,000 barrels in May. Stocks of refinable crude on June 30 (259,075,000 barrels) were nearly 3,000,000 barrels below the level of a year ago.

### Refined Products

The principal changes in refinery yields in June were an increase of 0.3% in gasoline, a decrease of 0.3% in distillate fuel oil, and a gain of 0.6% in residual fuel oil. The changes for gasoline and distillate were expected but the gain in the residual yield was abnormal.

The domestic demand for motor fuel in June was 58,413,000 barrels, or only 5% above a year ago. This comparatively poor showing for June 1941 resulted from a number of factors, chief of which were pre-tax buying in June 1940 and speculative buying over the first 4 or 5 months of 1941. Voluntary civilian curtailment may also have been a factor. Exports of motor fuel, exclusive of the "shuttle" movement, amounted to 1,262,000 barrels, or only about half the total of a year ago. Stocks of finished and unfinished gasoline declined about 3,100,000 barrels in June. This was less than half of withdrawals in June 1940, but stocks on June 30 (89,842,000 barrels) were about 4,000,000 barrels below last year's level. Motor-fuel stocks on the East Coast were about the same as a year ago, but it should be noted that developments in July and August have considerably reduced the number of days' supply in that area.

Relatively large gains in the domestic demand for other products over June 1940 were recorded, kerosene being about the only notable exception. The demand for aviation gasoline is running

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## Sugar Marketing Quotas Again Lifted

The Department of Agriculture announced on Aug. 29 that total 1941 sugar marketing quotas of the various areas supplying the United States market had been increased from the 8,006,836 short tons, raw value, announced July 30, 1941, to 9,002,976 tons.

The quotas for the various sugar producing areas under the revised figure compare with the former quotas as follows:

| Area                               | Quotas Effective July 30, 1941 (Short tons, raw value) | Present Quotas |
|------------------------------------|--|----------------|
| Continental Beet                   | 1,925,499  | 2,230,037      |
| Mainland Cane                      | 445,000*   | 445,000*       |
| Hawaii                             | 993,522*   | 993,522*       |
| Puerto Rico                        | 991,365  | 1,148,160      |
| Virgin Islands                     | 11,076   | 12,829         |
| Commonwealth of Philippine Islands | 982,663**  | 982,663**      |
| Cuba                               | 2,374,852  | 2,750,431      |
| Foreign Countries Other than Cuba  | 282,858  | 400,304        |
| Total                              | 8,006,836  | 9,002,976      |

\* Quota of 503,408 tons less 58,408 tons reallocated to other domestic areas and Cuba.

\*\* Quota of 1,233,875 tons less 251,212 tons, representing duty-paying portion of quota, reallocated to foreign countries other than Cuba.

† Quota of 566,038 tons less 121,038 tons reallocated to other domestic areas and Cuba.

‡ Quota of 1,263,700 tons less 270,178 tons reallocated to other domestic areas and Cuba.

§ Quota of 1,387,383 tons less 404,720 tons, representing duty-paying portion of quota, reallocated to foreign countries other than Cuba.

It was expected the Department says, that the total quotas of 8,006,836 tons, announced July 30, would result in an available supply to consumers this year of at least 7,769,621 tons of sugar, or about 1,000,000 tons in excess of 1940 sugar consumption. While it is not known at the present time whether the continental beet area, Puerto Rico, and foreign countries other than Cuba will deliver this year any additional sugar as a result of their increased quotas, the present revision will enable Cuba to market in this country 375,609 tons more.

The previous quota revision was mentioned in these columns Aug. 9, page 754.

## Bank Debits Up 44% From Last Year

Bank debits as reported by banks in leading centers for the week ended August 27, 1941 aggregated \$9,405,000,000. Total debits during the 13 weeks ended August 27, 1941 amounted to \$132,594,000,000, or 31 per cent above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 30 per cent compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 31 per cent.

SUMMARY BY FEDERAL RESERVE DISTRICTS (In millions of dollars)

| Federal Reserve District     | Week ended Aug. 27, 1941 | Week ended Aug. 28, 1940 | 13 weeks ended Aug. 27, 1941 | 13 weeks ended Aug. 28, 1940 |
|------------------------------|--------------------------|--------------------------|------------------------------|------------------------------|
| Boston                       | 519                      | 358                      | 7,260                        | 5,654                        |
| New York                     | 3,622                    | 2,485                    | 53,324                       | 41,402                       |
| Philadelphia                 | 494                      | 330                      | 7,672                        | 5,445                        |
| Cleveland                    | 738                      | 499                      | 9,672                        | 7,247                        |
| Richmond                     | 380                      | 257                      | 5,209                        | 3,957                        |
| Atlanta                      | 315                      | 217                      | 4,269                        | 3,123                        |
| Chicago                      | 1,453                    | 1,055                    | 20,099                       | 15,026                       |
| St. Louis                    | 290                      | 206                      | 4,263                        | 3,126                        |
| Minneapolis                  | 199                      | 155                      | 2,489                        | 2,039                        |
| Kansas City                  | 312                      | 221                      | 4,264                        | 3,341                        |
| Dallas                       | 240                      | 166                      | 3,322                        | 2,511                        |
| San Francisco                | 843                      | 548                      | 10,750                       | 8,454                        |
| Total, 274 reporting centers | 9,405                    | 6,508                    | 132,594                      | 101,375                      |
| New York City                | 3,304                    | 2,258                    | 48,487                       | 37,397                       |
| 140 Other leading centers    | 5,286                    | 3,672                    | 72,791                       | 55,101                       |
| 133 Other centers            | 815                      | 578                      | 11,305                       | 8,876                        |



## The Speech That Was Not Made

For a good while past interventionists in this country in general and the commentators in the press in particular have been rather dolefully, not to say bitterly, complaining that the American people have not been "sold on the idea" that it is necessary for us to make the ultimate in sacrifice if necessary to crush the German war machine. In somewhat more orthodox terms, the American people have not been convinced of the existence of danger to themselves in sufficient degree to arouse them to give all that is in them to accomplish this end. Foolish people and some others who should know better have been crying for an intensified campaign of propaganda and of stage management with the purpose of arousing the American public as it is said they should be. Partly doubtless because a very large proportion of the people are wage earners in one sense or another, and partly also without question because it has long been evident that the groups which were most luke warm—as measured in deeds rather than words—were those usually called "labor," these discussions have in large degree centered about them.

So it came about that Labor Day this year was apparently chosen as a suitable occasion to launch a campaign of oratory and evangelism to convert "labor" to the cause. Precisely what effect all this will have in enlisting full support of organized labor remains for the future to disclose, but the thoughtful observer can scarcely escape the conclusion that amid all the balderdash poured out upon the heads of a helpless people during the past week-end concerning the present war and labor there was not to be found even a hint of adequate understanding of the subject to which untold numbers of speakers addressed themselves. If the object of the stage managers and the orators was to set forth in convincing and enlightening form the bearing of this war upon the man who works for wages whether in this country or anywhere else, then whole program must be set down as a dismal failure. The real story was not told; the essential speech was not made.

### Easy Invections

It is, of course, easy enough to assert, as countless speechmakers did, that Hitler has crushed the so-called labor movement in Germany, that trade unionism in that country has been abolished and that long hours, probably in normal circumstances inhumanly long hours, of arduous labor have been forced upon men and women en masse. It is likewise not difficult to compare the present fate of the wage earner in Germany with the lot of the American worker and to show that "the clock has been turned back a thousand years"

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## Procurements And Priorities

Current wide-spread criticism of the defense program should not deprive the defense authorities of credit for the notable improvements being effected this month in procurement methods.

These changes are designed to enlist a larger share of American industry in the defense program. This is really a double aim. It shoots first at alleviating the growing threat of "priorities unemployment," and second, at further speeding up re-armament by spreading the work farther through American industry.

The threat of "priorities unemployment" or "civilian industry mortality" has become quite serious this summer. It is probably one reason for the setting up last week of the new seven man Supply, Priorities and Allocation Board. Up to this stage in defense, the sharp spurt in civilian buying buying has kept non-defense industry steadily busy, and producers of civilian goods have not been much interested in getting defense business from the government. In fact, many of them have been glad enough to be free of the red tape and complications traditionally associated with government business.

Today, however, many find that though their order books are filled as far ahead as they can see, their stock bins of raw materials are getting low and the scarcity of raw materials are getting low and the scarcity of raw materials, particularly of the metals, is becoming so acute that within a few months they face indefinite shut-downs. Various Washington officials have pointed out that within a few weeks at least ten industries, 5,000 factories; and 2,000,000 men face "priority unemployment."

They are being cut off from their raw materials in two ways. Some of them have simply found that priorities have cut in so far ahead of them that in a short time they will be unable to get the materials they need. Others face horizontal industry cuts in their output at the instigation of OPACS or OPM, like the proposed 50 per cent cut in automobile output, 35 per cent in washing machines, 50 per cent

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## Brazil Proposes Plan for Coffee Liquidation

The National Coffee Department (an instrumentality of the Federal Government of Brazil) has proposed a plan for liquidation from time to time of coffee pledged as security for outstanding sterling and dollar bonds of the State of San Paulo 7% Coffee Realization Loan 1930. In explaining the plan an announcement issued Sept. 2 said:

To facilitate liquidation of the coffee, the National Coffee Department today published invitations for tenders of bonds of the said loan for retirement. Under the plan the Department proposes to make the total sum of \$600,000 available immediately and a further \$300,000 each month to Schroder Trust Co., special agent in New York, and Messrs. J. Henry Schroder & Co., special agent in London. Of this sum, 35.96% will be available in New York City to purchase dollar bonds, and 64.04% will be made available in London to purchase bonds of the sterling tranche.

The offer inviting tenders is subject to cancellation and withdrawal at any time prior to actual payment. From time to time as purchased bonds are cancelled, pledged coffee will be released at the rate of seventy bags of planters coffee per each \$500 principal amount of bonds retired, which compares with the 85 bags now pledged to each \$500 bond.

It is now planned to invite tenders monthly for a period of 12 months, at the end of which time the situation is to be considered anew. The moneys to be made available represent part of the proceeds of an export tax levied by the Federal Government of Brazil on coffee shipments, under Federal Decree Law No. 2 of Nov. 13, 1937.

It is also planned to utilize part of the milreis balances now blocked with Banco do Brazil, representing proceeds of this tax, as well as future balances, for the purchase, at a maximum price of 75 milreis per bag, up to a total of 3,000,000 bags of coffee of 60 kilos each, which will be pledged automatically as additional security for the Coffee Realization Loan. Any amounts not so used will continue on deposit under the provisions of said Decree Law No. 2.

## Gas Utility Revenues Higher for June Half

Domestic customers served by manufactured and natural gas utilities totaled 17,025,300 on June 30, an increase of 528,900 over the number reported on the same date a year ago, it was announced on Aug. 29 by the American Gas Association.

Revenues of manufactured and natural gas utilities aggregated \$491,763,000 for the first six months of 1941. This was an increase of 3.2% from the corresponding period of 1940.

Revenues from industrial and commercial users increased 11.6 per cent, while revenues from domestic customers declined .5%.

Manufactured gas industry revenues totaled \$200,009,100 for the first six months, an increase of 2.1% from a year ago. Revenues from industrial users of manufactured gas increased 21.0% while commercial revenues gained 2.1%. Revenues from domestic uses, such as cooking, water heating, refrigeration, etc., were 0.6% more than for the corresponding period of 1940.

Revenues of the natural gas industry for the first six months amounted to \$291,753,000, a gain of 4.0% from a year ago. Revenues from industrial uses increased 17.9% while revenues from domestic uses decreased 1.4%.

## Mobilizing For Economy

For the first time since the start of the national defense drive, indeed for the first time since 1933 there is a real possibility of stopping the steadily ascending spiral of Federal expenditures for non-defense purposes. Several developments strengthen the hands of the economy advocates, but by far the most important is the recent action of the Senate Finance Committee in lowering the income tax exemptions so as to bring several million individuals into the tax-paying class. If all these millions are aware of the facts about the gigantic Federal outlays at the very time when the national safety demands that our resources be concentrated upon armaments and at a time when soaring employment and national income have eliminated all justification for large relief disbursements, there is every chance that the ruthless pork barrel devotees in Congress can be effectively squelched.

This requires a mobilization, however, around the plan of Senator Harry F. Byrd of Virginia, just about the only Congressman who sincerely seeks economy, to cut the non-defense outlays sharply, by as much as \$2,000,000,000 a year. Perhaps the most effective way of mobilizing taxpayers around the Byrd standard is to acquaint them with a few of the facts about the Federal fiscal situation. Tax and spending figures too often in the past have merely bored voters and taxpayers alike, but the growing realization of what they must pay next March 15, and each March 15 thereafter should now finally make them willing to listen.

Easily the most outstanding fact that needs to be driven home to the millions, yet a fact that all too few know, is the steady uptrend of regular Federal departmental outlays. If all emergency expenditures of all sorts are excluded, including defense, relief, and farm aid, the disbursements of the executive departments, the courts, and Congress itself have soared alarmingly in the past ten years. Yet, despite the crisis during the first two months of the new fiscal year, the regular departmental expenditures rose to \$158,000,000 compared to \$152,000,000 for the same period in the preceding fiscal year.

### Attention, Taxpayers!

Taxpayers should be made to understand that these soaring outlays have absolutely nothing to do with defense or relief. Actually, during the first two months of the year,

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## On The Foreign Front

### American Aid

From half a dozen directions at once, both officially and unofficially, the problem of United States aid to democratic Britain and to other countries which President Roosevelt endeavors to group under the name of "democracies" gained fresh examination in recent days. Such aid, as Senator Byrd and others have pointed out of late, is far from adequate and not at all in keeping.

With the sweeping promises and statements made by President Roosevelt and his New Deal associates. The numerous strikes in key defense industries, and the difficulties raised by the confusion in priorities and defense contracts, present almost insuperable obstacles to speed in this vital task. When this was pointed out by Senator Byrd, the President attempted a show of humor and declared that the Senator had been "sold down the river," on the matter of information. Mr. Roosevelt praised the defense production and asserted that in many respects it exceeds plans and expectations. But over the last week-end admissions were made by the White House that far more is necessary than so far has been accomplished or is in prospect. No notice was taken, on the other hand, of the many complaints that the real bottleneck in American production is on the desk of the President, himself.

President Roosevelt discoursed at some length on the question of defense production and related matters in a radio address on Labor Day. Much was made in this address about the rights of free laboring men and women, and the interdependence among

Americans of interests, privileges, opportunities and responsibilities. Alluding to "enemies" who, according to the President, wish to divide us and conquer us from within, Mr. Roosevelt stated that these enemies know that "our American effort is not yet enough, and that unless we step up the total of our production and more greatly safeguard it on its journey to the battlefields, these enemies will take heart in pushing their attack in fields old and new." We have already achieved much, said the President in this address, but he added that it is imperative that we achieve infinitely more. "We are engaged on a grim and perilous task," Mr. Roosevelt continued. "Forces of insane violence have been let loose by Hitler upon this earth. We must do our full part in conquering them. For these forces may be unleashed upon this nation as we go about our business of protecting the proper interests of our country. The task of defeating Hitler may be long and arduous. There are a few appeasers and Nazi sympathizers who say it cannot be done. They even ask me to negotiate with Hitler to pray for crumbs from his victorious

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## July Building Permit Valuations Rise 5% Above Same Month Last Year

Building permit valuations in July 1941 were 9% greater than during the corresponding month of 1940, Secretary of Labor Frances Perkins reported on Aug. 30. "This increase was brought about by a gain of 23% in indicated expenditures for new residential buildings, and a gain of 4% in the value of additions, alterations, and repairs," she said. "Permit valuations for new non-residential buildings showed a decline of 8% over the year period," Miss Perkins stated, adding:

July permit valuations, however, were 3% lower than during June. Two classes of building construction showed decreases during the month. New residential buildings declined 5% and additions, alterations, and repairs 8%. In contrast, there was a gain of 2% in the indicated expenditures for new non-residential buildings. These comparisons are based on information received from 2,120 identical cities with populations of 1,000 or more which reported to the Bureau of Labor Statistics in July 1940 and June and July 1941. The total population of these cities was approximately 64,200,000, according to the 1940 census.

During the first 7 months of 1941, permits were issued in reporting cities for buildings valued at \$1,657,973,348, an increase of 29% as compared with the corresponding period of 1940. Permit valuations for new residential buildings during the first 7 months of the current year amounted to \$889,572,839, a gain of 26% as compared with the first 7 months of the preceding year. Over the same period new non-residential buildings showed a gain of 44%, and additions, alterations, and repairs a gain of 8%.

Then noting this the Labor Department's announcement further said:

The Bureau's tabulations of permit valuations include contracts awarded by Federal and State Governments in addition to private and municipal construction. For July 1941, Federal and State construction in the 2,120 reporting cities totaled \$36,470,000; for June 1941, \$70,928,000; and for July 1940, \$63,438,000.

Changes in permit valuations in the 2,120 reporting cities between July 1941 and July 1940 and June 1941 are summarized below:

| Class of construction              | Change from July 1940 to July 1941 |                  |
|------------------------------------|------------------------------------|------------------|
|                                    | All cities                         | Excl. N. Y. City |
| New residential                    | +23.0%                             | +23.1%           |
| New non-residential                | -7.6%                              | -3.1%            |
| Additions, alterations and repairs | +3.9%                              | +4.1%            |
| All construction                   | +8.7%                              | +10.8%           |

| Class of construction               | Change from June 1941 to July 1941 |                  |
|-------------------------------------|------------------------------------|------------------|
|                                     | All cities                         | Excl. N. Y. City |
| New residential                     | -5.3%                              | -5.4%            |
| New non-residential                 | +1.9%                              | +0.5%            |
| Additions, alterations, and repairs | -7.6%                              | -7.1%            |
| All construction                    | -3.4%                              | -3.8%            |

Comparisons in permit valuations in cities reporting for the first 7 months of 1940 and 1941 are shown in the following table:

| Class of construction               | Change from first 7 months of 1940 to first 7 months of 1941 |                  |
|-------------------------------------|--|------------------|
|                                     | All cities   | Excl. N. Y. City |
| New residential                     | +26.3%   | +31.4%           |
| New non-residential                 | +44.4%   | +47.6%           |
| Additions, alterations, and repairs | +7.7%  | +10.1%           |
| All construction                    | +28.7%   | +32.8%           |

New housekeeping residential construction for which permits were issued in the 2,120 reporting cities in July 1941 will provide 38,194 dwelling units, or 7% fewer than the 41,205 dwelling units reported in the previous month, and 18% more than the number provided in July 1940. Dwelling units in publicly financed housing projects authorized in the reporting cities numbered 3,005 in July 1941, 9,403 in June 1941, and 5,051 in July 1940.

Principal centers of various types of building construction for which permits were issued or contracts were awarded in July 1941 were: East Hartford, Conn., a factory to cost \$1,229,000; Hartford, Conn., a hospital to cost \$5,000,000; Camden, N. J., 1-family dwellings to cost \$708,000; New York City—Borough of the Bronx, apartment houses to cost \$1,037,000; Borough of Brooklyn, apartment houses to cost \$608,000; Borough of Manhattan, apartment houses to cost \$1,375,000, and institutions to cost \$2,668,000; Borough of Queens, 1-family dwellings to cost \$2,109,000, apartment houses to cost \$1,795,000, and a school to cost \$1,000,000; Rochester, N. Y., an institution to cost \$849,000; Philadelphia, Pa., 1-family dwellings to cost \$2,949,000; Chicago, Ill., 1-family dwellings to cost \$2,790,000, and factories to cost \$2,226,000; Indianapolis, Ind., 1-family dwellings to cost \$717,000; Dearborn, Mich., 1-family dwellings to cost \$943,000; Detroit, Mich., 1-family dwellings to cost \$6,084,000; Lansing, Mich., a school to cost \$1,500,000; Akron, Ohio, 1-family dwellings to cost \$759,000; Cleveland, Ohio, 1-family dwellings to cost \$1,069,000, and factories to cost \$2,107,000; Columbus, Ohio, 1-family dwellings to cost \$897,000; Euclid, Ohio, a factory to cost \$2,181,000; Minneapolis, Minn., 1-family dwellings to cost \$579,000; Washington, D. C., 1-family dwellings to cost \$1,435,000, and apartment houses to cost \$1,700,000; Sebring, Fla., a flying school to cost \$2,015,000; Baltimore, Md., 1-family dwellings to cost \$1,439,000; Arlington County, Va., 1-family dwellings to cost \$681,000, and apartment houses to cost \$1,061,000; Norfolk, Va., a storehouse to cost \$2,300,000; Memphis, Tenn., 1-family dwellings to cost \$592,000, and stores and warehouses to cost \$876,000; New Orleans, La., apartment houses to cost \$612,000; Houston, Texas, 1-family dwellings to cost \$1,129,000; Burbank, Calif., 1-family dwellings to cost \$890,000; Long Beach, Calif., 1-family dwellings to cost \$588,000; Los Angeles, Calif., 1-family dwellings to cost \$4,151,000, and apartment houses to cost \$1,331,000; Oakland, Calif., 1-family dwellings to cost \$691,000, and a supply depot to cost \$3,668,000; San Diego, Calif., 1-family dwellings to cost \$875,000; South Gate, Calif., 1-family dwellings to cost \$570,000; Portland, Ore., 1-family dwellings to cost \$632,000; Bremerton, Wash., a storehouse to cost \$1,391,000, and a pier to cost \$800,000; and Seattle, Wash., 1-family dwellings to cost \$1,713,000.

Contracts were awarded during July for the following publicly financed housing projects containing the indicated number of dwelling units: Etna, Pa., \$1,008,000 for 250 units, Mifflin Township, Pa., \$2,047,000 for 450 units; North Braddock, Pa., \$864,000 for 200 units; Burlington, Iowa, \$1,186,000 for 375 units; Wheaton, Minn., \$2,200 for 1 unit; Albanv, Ga., \$297,000 for 100 units; Macon, Ga., \$665,000 for 250 units; Wilmington, N. C., \$758,000 for 300 units; Alexandria, Va., \$10,600 for 4 units; Norfolk, Va., \$1,084,000 for 300 units; Dallas, Texas, \$750,000 for 234 units; Mineral Wells, Texas, \$238,000 for 100 units; Anaconda, Mont., \$310,000 for 80 units; San

## Large Industrial Corporations Reserve More Liberally For Taxes Than Smaller Ones

Large industrial corporations set aside higher percentages of their earnings for Federal income tax reserves in the first half of 1941 than small corporations, according to a study of 275 company statements by the Division of Industrial Economics of The Conference Board. Seven companies which reported net income after taxes of \$10,000,000 or more charged off 55.9% of their net income before taxes to Federal tax reserves, whereas 95 companies which reported net income of less than \$500,000 charged off 41%. Under date of Sept. 4 the Board further said:

Although the seven large companies earned 83% more before Federal taxes in the first half of 1941 than in the first half of 1940, their combined net income after taxes and contingency tax reserves was only 14% higher. The 95 small companies, on the other hand, earned 93% more before Federal taxes than in the first half of 1940 and after taxes their net income was 51% higher than in the first half of the last year.

All 275 companies charged off 51.6% of their earnings this year to tax reserves, as compared with 26.7% in the first half of 1940. Earnings before taxes increased 82%, but net income after Federal tax reserves was only 20% higher. The following table gives a complete analysis of these percentages:

| Amount Classification      | Number of Companies | Percentage Changes, First Half 1941 to 1940 |              | Federal Income Tax Reserves as Percentages of Income Before Reserves |               |
|----------------------------|---------------------|---|--------------|--|---------------|
|                            |                     | After Taxes                                 | Before Taxes | 1st Half 1941  | 1st Half 1940 |
| Less than \$500,000        | 95                  | +51   | +93          | 41.0   | 24.6          |
| \$500,000 - \$1,000,000    | 71                  | +31   | +90          | 47.7   | 24.1          |
| \$1,000,000 - \$2,500,000  | 57                  | +34   | +86          | 47.1   | 26.2          |
| \$2,500,000 - \$5,000,000  | 29                  | +17   | +67          | 47.9   | 25.5          |
| \$5,000,000 - \$10,000,000 | 16                  | +21   | +86          | 49.5   | 22.1          |
| \$10,000,000 or more       | 7                   | +14   | +83          | 55.9   | 29.3          |
| Total                      | 275                 | +20   | +82          | 51.6   | 26.7          |

\* By net income for first half of 1941.

## Member Bank Condition Statement

In the following will be found the comments of the Board of Governors of the Federal Reserve System respecting the returns of the entire body of reporting member banks of the Federal Reserve System for the week ended with the close of business Aug. 27:

The condition statement of weekly reporting member banks in 101 leading cities shows the following principal changes for the week ended August 27: An increase of \$58,000,000 in "Other securities" and a decrease of \$63,000,000 in reserve balances with Federal Reserve Banks.

Holdings of United States Government direct and guaranteed obligations increased \$29,000,000 in the Chicago district, \$12,000,000 in the San Francisco district, and \$15,000,000 at all reporting member banks, and declined \$25,000,000 in New York City. Holdings of "Other securities" increased \$58,000,000 in New York City and at all reporting member banks.

A summary of the principal assets and liabilities of reporting member banks, together with changes for the week and the year ended Aug. 27, 1941, follows:

|   | Aug. 27, 1941  | Aug. 20, 1941 | Aug. 28, 1940  |
|---|----------------|---------------|----------------|
| <b>Assets—</b>                                    |                |               |                |
| Loans and investments—total                       | 29,107,000,000 | +82,000,000   | +4,950,000,000 |
| Loans—total                                       | 10,697,000,000 | +9,000,000    | +2,188,000,000 |
| Commercial, industrial and agricultural loans     | 6,183,000,000  | +3,000,000    | +1,720,000,000 |
| Open market paper                                 | 400,000,000    | -4,000,000    | +101,000,000   |
| Loans to brokers and dealers in securities        | 448,000,000    | +4,000,000    | +85,000,000    |
| Other loans for purchasing or carrying securities | 437,000,000    | -             | -30,000,000    |
| Real estate loans                                 | 1,254,000,000  | +2,000,000    | +39,000,000    |
| Loans to banks                                    | 43,000,000     | +2,000,000    | +3,000,000     |
| Other loans                                       | 1,932,000,000  | +2,000,000    | +270,000,000   |
| Treasury bills                                    | 1,079,000,000  | +15,000,000   | +367,000,000   |
| Treasury notes                                    | 2,279,000,000  | +3,000,000    | +143,000,000   |
| U. S. Bonds                                       | 7,934,000,000  | -5,000,000    | +1,372,000,000 |
| Obligations guaranteed by U. S. Gov't             | 3,316,000,000  | +2,000,000    | +734,000,000   |
| Other securities                                  | 8,802,000,000  | +58,000,000   | +123,000,000   |
| Reserve with Federal Reserve Banks                | 10,633,000,000 | -33,000,000   | +816,000,000   |
| Cash in vault                                     | 553,000,000    | +23,000,000   | +51,300,000    |
| Balances with domestic banks                      | 3,462,000,000  | -33,000,000   | +261,000,000   |
| <b>Liabilities—</b>                               |                |               |                |
| Demand deposits—adjusted                          | 24,453,000,000 | -2,000,000    | +3,400,000,000 |
| Time deposits                                     | 5,431,000,000  | -4,000,000    | +91,000,000    |
| U. S. Government deposits                         | 584,000,000    | +32,000,000   | +56,000,000    |
| Interbank deposits:                               |                |               |                |
| Domestic banks                                    | 9,215,000,000  | -3,000,000    | +823,000,000   |
| Foreign banks                                     | 629,000,000    | -2,000,000    | -53,000,000    |
| Borrowings  | 1,000,000      | -             | -              |

San Francisco, Calif., \$800,000 for 201 units; and Spokane, Wash., \$499,000 for 160 units.

SUMMARY OF BUILDING CONSTRUCTION FOR WHICH PERMITS WERE ISSUED IN 2,120 CITIES, BY GEOGRAPHIC DIVISION, JULY 1941

| Geographic division | No. of cities reporting | Permit valuation July 1941 | New residential buildings  |                                  |                                     |                                  |
|---------------------|-------------------------|----------------------------|----------------------------|----------------------------------|-------------------------------------|----------------------------------|
|                     |                         |                            | Permit valuation July 1941 | Percentage change from June 1941 | No. of new dwelling units July 1941 | Percentage change from June 1941 |
| All divisions       | 2,120                   | \$147,189,509              | +5.3                       | +23.0                            | 38,194                              | +7.3                             |
| New England         | 143                     | 8,062,013                  | -49.7                      | -17.9                            | 1,789                               | -56.0                            |
| Middle Atlantic     | 539                     | 29,341,137                 | -2.9                       | +54.7                            | 6,847                               | +8.9                             |
| East-North Central  | 472                     | 36,539,560                 | -1.1                       | +24.3                            | 7,507                               | +3.7                             |
| West-North Central  | 197                     | 8,292,646                  | +16.5                      | +23.5                            | 2,337                               | +20.8                            |
| South Atlantic      | 243                     | 19,587,878                 | +6.2                       | +3.3                             | 6,106                               | +17.1                            |
| East South Central  | 76                      | 1,570,947                  | +9.3                       | +48.4                            | 1,113                               | +12.2                            |
| West South Central  | 123                     | 14,651,141                 | +82.6                      | +78.4                            | 4,588                               | +71.6                            |
| Mountain            | 104                     | 2,955,089                  | -14.7                      | -4.3                             | 882                                 | -21.2                            |
| Pacific             | 223                     | 24,979,098                 | -23.1                      | +34.4                            | 7,045                               | +31.1                            |

| Geographic division | Permit valuation July 1941 | New non-residential buildings |                                  | Total building construction (including alterations and repairs) |                                  | Population (census of 1940) |
|---------------------|----------------------------|-------------------------------|----------------------------------|---|----------------------------------|-----------------------------|
|                     |                            | Permit valuation July 1941    | Percentage change from June 1941 | Permit valuation July 1941                                      | Percentage change from June 1941 |                             |
| All divisions       | \$87,681,060               | +1.9                          | -7.6                             | \$269,767,381   | -3.4                             | 64,199,841                  |
| New England         | 12,421,892                 | +144.5                        | +12.1                            | 23,786,205  | -2.2                             | 5,674,100                   |
| Middle Atlantic     | 12,429,871                 | -5.6                          | -30.6                            | 51,537,069  | -4.9                             | 13,298,641                  |
| E. North Central    | 20,432,003                 | +22.2                         | +19.7                            | 65,798,434  | +7.4                             | 15,372,195                  |
| W. North Central    | 2,322,620                  | -85.3                         | -33.3                            | 12,652,004  | -52.4                            | 4,786,275                   |
| South Atlantic      | 15,419,212                 | +42.8                         | +11.5                            | 38,467,899  | +13.0                            | 5,798,338                   |
| E. South Central    | 2,465,285                  | -6.2                          | +44.8                            | 6,349,036   | -3.3                             | 2,096,051                   |
| W. South Central    | 1,829,905                  | +65.6                         | -47.7                            | 18,326,403  | +24.5                            | 3,716,617                   |
| Mountain            | 1,449,329                  | +1.4                          | -25.5                            | 5,264,976   | -6.6                             | 1,439,881                   |
| Pacific             | 18,210,928                 | +26.4                         | -23.4                            | 47,585,355  | -8.3                             | 6,017,143                   |

① Increase less than 1-10 of 1%

## Foreign Front

(Continued from Page 19)

table. They do, in fact, ask me to become the modern Benedict Arnold and betray all that I hold dear - my devotion to our freedom, to our churches, to our country. This course I have rejected; I reject it again. Instead, I know that I speak the conscience and determination of the American people when I say that we shall do everything in our power to crush Hitler and his Nazi forces.

This address was preceded by less formal comments, made last Saturday before neighbors at the Hyde Park summer home of the President. On that occasion, as on all others, Mr. Roosevelt did his best to stir up war sentiment by picturing the United States as in extreme danger. The danger has increased of late, the President said, without indicating that this is quite possibly due to actions taken in Washington with respect to Japan and other countries. Although Americans pray for peace, the final decision might not be theirs, Mr. Roosevelt remarked. The comments made over the week-end occasioned some comfort in Great Britain, and a good deal of criticism in Germany, Italy and Japan. Even in London, however, there were rumblings of discontent with the course chosen by the United States Government. British observers noted in particular that the continual assertions in official American quarters to the effect that Britain is fighting for America, as well as herself, ought logically to be followed by full American participation in the conflict. Supplies from the United States, it was maintained, constitute a "stream and not a river." Foreign Secretary Anthony Eden pointed out last Saturday that the output of war materials by the Allied and associated Powers, including the United States, still falls far short of British needs. The problem now has been complicated additionally, he said, by the need for supplying Russia, as well.

### Japanese Aggression

Decisions as to peace or war in the Far East plainly hung in the balance as debate raged in Japan respecting the shipment through Japanese-dominated waters of American supplies for Russia. President Roosevelt studiously avoided all reference to the Japanese expansionism in his address on Monday, which condemned roundly the Hitler regime in Germany. The conclusion seems warranted that the President still hopes to alienate Japan from the Berlin-Rome Axis, and many reports of diplomatic negotiations confirm this view. Ample cards now are held by Mr. Roosevelt for playing this dangerous game, since the economic sanctions imposed upon Tokyo could be relaxed in the event of "sweet reasonableness" in the Island Empire. That Britain is leaving the Far Eastern problem to the United States Government was made plain by Prime Minister Churchill in his radio report on the Atlantic conference. Washington is pushing the issue, perhaps fortuitously, as a consequence of gasoline shipments to Vladivostok, which have aroused the Japanese to a high pitch of resentment and anxiety. In some comments last Saturday, Mr. Roosevelt remarked that decisions as to peace or war may not lie in American hands, and it requires no stretch of the imagination to realize that he had the Far Eastern problem in mind.

Tokio reports said yesterday that fresh protests are being made at Moscow and Washington respecting gasoline shipments to Vladivostok, which Japan obviously believes are designed to aid any Russian move in the possible

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## Portland Cement Statistics for Month of July 1941 and for 6 Months ended June 30 1941

The portland cement industry in July, 1941, produced 16,000,000 barrels, shipped 16,687,000 barrels from the mills, and had in stock at the end of the month 21,178,000 barrels, according to the Bureau of Mines, U. S. Department of the Interior. Production and shipments of portland cement in July, 1941, showed increases of 30.2% and 24.1%, respectively, as compared with July, 1940. Portland cement stocks at mills were 7.3% lower than a year ago.

The statistics given below are compiled from reports of July, received by the Bureau of Mines, from all manufacturing plants.

The mill value of the shipments—71,644,000 barrels—in the first half of 1941, is estimated at \$105,440,000.

According to the reports of producers the shipments totals for the first half of 1941 include approximately 3,018,000 barrels of high-early-strength portland cement with an estimated mill value of \$5,606,000.

In the following statement of relation of production to capacity the total output of finished cement is compared with the estimated capacity of 157 plants at the close of July, 1941, and of 160 plants at the close of July, 1940.

### RATIO OF PRODUCTION TO CAPACITY

|                     | July 1940 | July 1941 | June 1941 | May 1941 | April 1941 |
|---------------------|-----------|-----------|-----------|----------|------------|
| The month           | 55.9%     | 74.9%     | 74.0%     | 69.4%    | 59.3%      |
| Ten 12 months ended | 47.9%     | 59.6%     | 58.3%     | 57.4%    | 58.5%      |

### PRODUCTION, SHIPMENTS, AND STOCKS OF FINISHED PORTLAND CEMENT, BY DISTRICTS, IN JULY, 1940 AND 1941 (In thousands of barrels)

| District                           | Production |        | Shipments |        | Stocks at End of Month |        |
|------------------------------------|------------|--------|-----------|--------|------------------------|--------|
|                                    | 1940       | 1941   | 1940      | 1941   | 1940                   | 1941   |
| Eastern Pa., N. J. & Md.           | 2,176      | 3,045  | 2,625     | 3,078  | 3,959                  | 3,929  |
| New York & Maine                   | 1,022      | 1,241  | 993       | 1,176  | 2,030                  | 1,928  |
| Ohio, western Pa. & W. Va.         | 1,272      | 1,518  | 1,667     | 1,871  | 2,281                  | 2,556  |
| Michigan                           | 1,000      | 970    | 1,019     | 1,058  | 1,929                  | 2,021  |
| Wis., Ill., Ind. & Ky.             | 1,116      | 1,484  | 1,435     | 1,905  | 2,305                  | 1,978  |
| Va., Tenn., Ala., Ga., La. & Fla.  | 1,108      | 1,746  | 1,280     | 1,725  | 1,713                  | 1,362  |
| Eastern Mo., Ia., Minn. & S. Dak.  | 1,143      | 1,348  | 1,165     | 1,411  | 2,998                  | 2,804  |
| W. Mo., Nebr., Kans., Okla. & Ark. | 853        | 1,007  | 749       | 931    | 2,082                  | 2,029  |
| Texas                              | 524        | 837    | 534       | 914    | 843                    | 702    |
| Colo., Mont., Utah, Wyo. & Idaho   | 364        | 420    | 291       | 473    | 492                    | 435    |
| California                         | 1,244      | 1,844  | 1,214     | 1,824  | 1,621                  | 956    |
| Oregon & Washington                | 436        | 494    | 451       | 474    | 560                    | 678    |
| Puerto Rico                        | 33         | 46     | 33        | 47     | 2                      | 6      |
| Total                              | 12,290     | 16,000 | 13,442    | 16,687 | 22,855                 | 21,178 |

### PRODUCTION, SHIPMENTS, AND STOCKS OF FINISHED PORTLAND CEMENT, BY MONTHS, IN 1940 AND 1941 (In Thousands of Barrels)

| Month     | Production |        | Shipments |        | Stocks at End of Month |        |
|-----------|------------|--------|-----------|--------|------------------------|--------|
|           | 1940       | 1941   | 1940      | 1941   | 1940                   | 1941   |
| January   | 6,205      | 9,021  | 3,893     | 7,984  | 25,759                 | 24,416 |
| February  | 5,041      | 8,345  | 4,907     | 7,456  | 25,894                 | 25,307 |
| March     | 7,918      | 10,596 | 7,716     | 9,915  | 26,118                 | 25,988 |
| April     | 10,043     | 12,196 | 10,829    | 14,132 | 25,348                 | 24,056 |
| May       | 12,633     | 14,732 | 13,206    | 16,048 | 24,758                 | 22,744 |
| June      | 12,490     | 15,223 | 13,223    | 16,109 | 24,010                 | 21,865 |
| July      | 12,290     | 16,000 | 13,442    | 16,687 | 22,855                 | 21,178 |
| August    | 12,712     | —      | 14,018    | —      | 21,549                 | —      |
| September | 13,105     | —      | 14,741    | —      | 19,921                 | —      |
| October   | 13,935     | —      | 15,776    | —      | 18,008                 | —      |
| November  | 12,725     | —      | 10,372    | —      | 20,353                 | —      |
| December  | 11,195     | —      | 8,192     | —      | 23,379                 | —      |
| Total     | 130,292    | —      | 130,315   | —      | —                      | —      |

(a) Revised.

The following table shows shipments of portland cement from domestic mills in the first six months of 1941 arranged by States so far as permissible, and by districts.

The quantities are summarized from monthly reports of producers received by the Bureau of Mines from all manufacturing plants in the first six months of the year.

The values (f.o.b. at the mills) are based on estimates of producers supplemented by estimates by the Bureau of Mines for five plants for the first six months. They do not include the price of containers nor do they include cash discounts where allowed. The values may be higher for certain States where some special cements have been reported by producers in addition to the ordinary structural cement.

### PORTLAND CEMENT SHIPPED FROM MILLS IN THE UNITED STATES IN FIRST SIX MONTHS OF 1941, WITH ESTIMATED MILL VALUE BY STATES AND DISTRICTS

| State          | Number of shipping plants | Quantity (Barrels) | Estimated mill value |
|----------------|---------------------------|--------------------|----------------------|
| Alabama        | 6                         | 3,251,000          | \$ 4,731,000         |
| California     | 11                        | 9,181,000          | 12,487,000           |
| Illinois       | 4                         | 2,338,000          | 3,655,000            |
| Iowa           | 5                         | 1,955,000          | 3,224,000            |
| Kansas         | 6                         | 2,176,000          | 3,303,000            |
| Michigan       | 10                        | 3,824,000          | 5,120,000            |
| Missouri       | 5                         | 2,365,000          | 3,782,000            |
| New York       | 11                        | 4,797,000          | 6,653,000            |
| Ohio           | 9                         | 3,376,000          | 4,488,000            |
| Pennsylvania   | 25                        | 14,180,000         | 19,796,000           |
| Puerto Rico    | 1                         | 185,000            | 360,000              |
| Tennessee      | 6                         | 2,608,000          | 3,865,000            |
| Texas          | 10                        | 4,592,000          | 7,509,000            |
| Other States b | 44                        | 16,768,000         | 26,462,000           |
| Total          | 153                       | 71,644,000         | \$105,440,000        |

| District                           | Number of shipping plants | Quantity (Barrels) | Estimated mill value |
|------------------------------------|---------------------------|--------------------|----------------------|
| E. Pa., N. J., & Md.               | 22                        | 13,961,000         | \$ 19,451,000        |
| New York & Maine                   | 12                        | 5,035,000          | 7,055,000            |
| Ohio, W. Pa., & W. Va.             | 13                        | 6,277,000          | 8,445,000            |
| Michigan                           | 10                        | 3,824,000          | 5,120,000            |
| Wis., Ill., Ind. & Ky.             | 11                        | 6,828,000          | 10,380,000           |
| Va., Tenn., Ala., Ga., La. & Fla.  | 18                        | 9,448,000          | 14,185,000           |
| E. Mo., Ia., Minn. & S. D.         | 11                        | 4,504,000          | 7,349,000            |
| W. Mo., Nebr., Kans., Okla. & Ark. | 12                        | 4,303,000          | 6,614,000            |
| Texas                              | 10                        | 4,592,000          | 7,509,000            |
| Colo., Mont., Utah, Wyo. & Idaho   | 8                         | 1,682,000          | 3,125,000            |
| California                         | 11                        | 9,181,000          | 12,487,000           |
| Oregon & Wash.                     | 9                         | 1,824,000          | 3,360,000            |
| Puerto Rico                        | 1                         | 185,000            | 360,000              |
| Total                              | 153                       | 71,644,000         | \$105,440,000        |

(b) Includes Ark., Colo., Fla., Ga., Idaho, Ind., Ky., La., Maine, Md., Minn., Mont., Nebr., N. J., Okla., Ore., S. D., Utah, Va., Wash., W. Va., Wis., and Wyo.

## President Tells "Home Club" Dangers May Now Be More Serious Than At Start of War

President Roosevelt, in an address to members of the Roosevelt Home Club at Hyde Park, N. Y., on Aug. 30, said it is "very possible" that the dangers to the world "may be even more serious" now than when the European War began in September 1939. Expressing the hope that next year's gathering of the club members will still be a peaceful one.

The President asserted that "as you know, it isn't all in our keeping. It isn't all our decision." Mr. Roosevelt went on to read a letter he received from a woman whom he described as "an exceedingly good observer" whose husband's occupation permits her to observe things all over the world—in Europe and Asia, Africa and South America. This letter the President said, explains a little bit of what is going on from the standpoint of one who has seen things in the world at first hand. The President read the letter as follows, according to the Associated Press:

I am at this Summer resort with my children whom I have not seen for many months. It is terrifying coming from Europe, to realize that many of these people in their unruffled existence seem to have no idea of what hangs over their heads today. They put themselves in a posture where they cannot squawk about what they don't want to see. They go about their "daily dozens" ignoring the threatening heel of human beings who want to destroy the freedom—the normal life—to which they have been accustomed.

They cannot see that the Hitlers of the world are waging war by exploiting social unrest, exploiting decent human progress by the use of armed power for their own aggrandizement.

Having seen with my own eyes the cruel and ruthless sweep of the dictator armies through Europe in the first year of the war; having contact with the expansion of that sweep to Africa and Asia during the second year of the war—and especially because personal, practical experience proves the point—I know that world domination, including of necessity the Americas, is the definite planned purpose of the dictators.

Finally, I want to say to you that in Europe or Africa or Asia there is not a nation of those who have suffered abuse whose people are not aware of what America stands for. They believe in America despite all the propaganda that is fed to them. They know they will never be exploited by America. They pray daily that America will save itself by helping greatly to defeat Hitlerism. They pray for this because it seems to them that that is the only way in which peoples everywhere can attain peace and live in peace.

Declaring that he supposed the letter voiced "the thought we all have" the President concluded by saying:

We all feel down deep in our hearts that we want to keep America so that in all the years to come, long after we have gone, long after there isn't any Home Club any more, somebody in this township—perhaps on this lawn—will be able to hold a party like this, just as we are doing it today, just as we hope we will all come back next year, and do it again.

The President's address had to do in part with affairs and incidents local to the community as well as to his recent conference with Prime Minister Churchill of England, and to the activities of the press in seeking to keep abreast of developments.

In part we give the President's address or informal remarks as

contained in the Associated Press accounts.

Here we are in this scene that is essentially a scene of peace, living almost normal lives. A scene that I suppose could be duplicated, not the home club part of it, but the fact of the gathering, the fact of the general picture of the country-side could probably be duplicated in 20,000 communities in the United States. On a million farms, with good roads going past them, just like this somewhat over-burdened road out there.

In other words it is a natural normal American scene of peace and in a community we are mighty proud of, but always with the thought that there are tens of thousands of other communities, that the people living in them are equally proud of where in any of the communities—including our own—if we think back—what?—50 years—I can do that—some of you can too—we look back and think of the changes that have occurred through peaceful processes in that half-century.

Think of the improvements, not merely the physical improvements, but the whole of the standard of life, the way it has improved in this past 50 years. Go back and think about this—right in this town 50 years ago.

Now I would like very, very much to tell you a great many things, such as the—the development of the airplane program, and the tank program, and the shipping program; to tell you about all of the details of our problems in the far waters of the Pacific; to tell you all kinds of details about those very wonderful days—tremendously interesting days—that I spent with the Prime Minister of Great Britain, Winston Churchill. I would like to tell you all about those things.

But here's my trouble. My hands are tied. The reason why my hands are tied is this—it's the press. This group of old and very good friends of mine writing for papers, taking stills grinding out movies, who travel with me all the time, day and night. And the reason that I went to that distant spot in the Atlantic was to give them a rest. And they went up, while people said I disappeared. Well, I suppose that's the newspaper way of saying it. It happens to be true, I did.

They went up to a hotel in Swampscott, where there was good golf and boating, and everything else, expecting to get a holiday. And then some enterprising person in England discovered that the Prime Minister had gone, and furthermore discovered that their chief of staff had gone, and that the chief of their air corps had gone, and the chief lord of the Admiralty had gone, and somebody must have had real imagination—real intelligence. They put those—all of those four fellows together, and they figured out that they had all gone. Disappeared. Well, they made a great to-do about it. Why should all these four people disappear like that?

So they put something about it in the paper and sent it in to Washington and some terribly enterprising newspaper editors around the country began send-

## Foreign Front

(Continued from Page 20)

extension of the Axis battle against the Communists to the Far East. Such representations were made last week, without success, and there is no reason to believe that more notice now will be taken of the Tokio objections. The American decision to send a military mission to the Chinese at Chungking was followed, late last week, by a general Chinese attack upon the Japanese aggressors, and Tokio doubtless will connect the incidents, however remote they may be in reality. Extensive Japanese air raids against Chungking were noted last Sunday, as an obvious counter-stroke to the Chinese move. Meanwhile, the initial shipment of gasoline moved steadily through the Pacific to the appointment destination at Vladivostok, and the Japanese authorities appeared to be profoundly perplexed by the fateful decision which is theirs to make. Strong inducements can be held out by Washington and London for permitting such shipments to pass, and the alternative may be war between Japan and the democracies. For the inordinately proud Japanese, on the other hand, acceptance of the conditions indicated by President Roosevelt and Prime Minister Churchill obviously is difficult. It is noteworthy that the powerful Asia Development Federation in Japan called, Tuesday, for the proclamation of a "defense zone" to include waters ringing Vladivostok. The diplomatic discussions between Washington and Tokio on Far Eastern problems continued, meanwhile, and it is earnestly to be hoped that they will suffice to prevent resort to war.

### Hitler and Mussolini

Soon after President Roosevelt and Prime Minister Churchill concluded their Atlantic conference, leaders of the totalitarian aggressor States of Europe held another in their long series of personal discussions. Chancellor Hitler and Premier Mussolini conferred throughout last week at various points on the German-Russian front, according to a special statement issued by the German Government.

(Continued on Page 22)

ing telegrams to the boys of mine up in Swampscott. "Where's the President?"

Well, they couldn't—I was 300—320 miles at sea at that moment. And then some enterprising newspaper man in Washington found that my chief of staff was gone, and the chief of naval operations, and General Arnold of aviation. They had gone too. And, by jove, that shows the value and the brilliance of a free press. They not only put and two together, but they put two more, and two more, until they added it up to eight.

And the fellows at Swampscott were deluged with telegrams from Washington: "What about it?"

They couldn't find me. They couldn't find me any place near there, but they were kept up all day and all night, trying to find me—in Swampscott.

So this week, I knew they had been working awfully hard—they had really had no holiday, and I told them yesterday down in Washington that there wouldn't be any news on Saturday afternoon from what I said to the home club. So you see how my hands are tied. I want to tell you all about the program. I want to tell you about Japan. I want to tell you about the meeting with Churchill, and I can't do it.

Among those present at the gathering were Harry Hopkins, the President's special adviser over all defense aid to the United States, and Munoz Mavin, President of the Puerto Rican Senate.



## Revenue Freight Cars Loaded And Received From Connections During Week Ended Aug. 23

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Aug. 23, 1941. During this period 112 roads showed increases when compared with the same week last year.

| REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS<br>(NUMBER OF CARS)—WEEK ENDED AUG. 23 |                              |                |                                       |                |                |
|---|------------------------------|----------------|---------------------------------------|----------------|----------------|
| Railroads   | Total Revenue Freight Loaded |                | Total Loads Received from Connections |                |                |
|   | 1941                         | 1940           | 1939                                  | 1941           | 1940           |
| <b>Eastern District—</b>  |                              |                |                                       |                |                |
| Ann Arbor   | 563                          | 612            | 697                                   | 1,350          | 1,234          |
| Bangor & Aroostook  | 861                          | 868            | 724                                   | 260            | 208            |
| Boston & Maine  | 9,990                        | 7,239          | 7,016                                 | 13,239         | 9,465          |
| Chicago, Indianapolis & Louisville  | 1,730                        | 1,448          | 1,728                                 | 2,502          | 2,373          |
| Central Indiana   | 14                           | 15             | 24                                    | 65             | 52             |
| Central Vermont   | 1,491                        | 1,213          | 1,156                                 | 2,634          | 2,071          |
| Delaware & Hudson   | 7,053                        | 5,612          | 5,392                                 | 10,923         | 7,377          |
| Delaware, Lackawanna & Western  | 9,972                        | 8,433          | 9,007                                 | 8,631          | 7,082          |
| Detroit & Mackinac  | 320                          | 417            | 375                                   | 83             | 162            |
| Detroit, Toledo & Ironi   | 1,895                        | 1,745          | 1,442                                 | 1,290          | 1,108          |
| Detroit & Toledo Shore Line   | 345                          | 239            | 248                                   | 3,536          | 2,686          |
| Erie  | 15,533                       | 13,525         | 11,571                                | 15,711         | 12,851         |
| Grand Trunk Western   | 4,913                        | 4,954          | 3,536                                 | 8,712          | 7,073          |
| Lehigh & Hudson River   | 187                          | 194            | 212                                   | 2,535          | 1,853          |
| Lehigh & New England  | 2,458                        | 1,792          | 1,744                                 | 2,004          | 1,424          |
| Lehigh Valley   | 10,412                       | 8,712          | 8,253                                 | 10,608         | 6,906          |
| Maine Central   | 3,233                        | 2,613          | 2,292                                 | 2,444          | 1,748          |
| Monongahela   | 6,458                        | 4,953          | 4,014                                 | 378            | 212            |
| Montour   | 2,432                        | 2,329          | 2,182                                 | 38             | 40             |
| New York Central Lines  | 51,982                       | 41,985         | 38,255                                | 52,244         | 41,463         |
| N. Y., N. H. & Hartford   | 12,351                       | 9,550          | 9,286                                 | 16,452         | 11,348         |
| New York, Ontario & Western   | 1,210                        | 1,224          | 836                                   | 3,326          | 1,739          |
| N. Y., Chicago & St. Louis  | 7,174                        | 5,851          | 6,126                                 | 13,960         | 11,023         |
| N. Y., Susquehanna & Western  | 481                          | 331            | 360                                   | 1,600          | 1,327          |
| Pittsburgh & Lake Erie  | 8,657                        | 7,460          | 5,182                                 | 9,266          | 8,029          |
| Pere Marquette  | 5,767                        | 5,784          | 4,930                                 | 6,349          | 5,239          |
| Pittsburgh & Shawmut  | 579                          | 847            | 305                                   | 30             | 64             |
| Pittsburgh, Shawmut & North   | 420                          | 369            | 344                                   | 472            | 216            |
| Pittsburgh & West Virginia  | 1,184                        | 1,023          | 828                                   | 2,662          | 1,883          |
| Rutland   | 659                          | 657            | 628                                   | 1,218          | 988            |
| Wabash  | 6,235                        | 5,329          | 5,009                                 | 10,222         | 8,426          |
| Wheeling & Lake Erie  | 5,979                        | 3,946          | 4,242                                 | 4,470          | 3,479          |
| <b>Total</b>  | <b>181,618</b>               | <b>151,319</b> | <b>137,944</b>                        | <b>208,221</b> | <b>161,353</b> |
| <b>Allegheny District—</b>  |                              |                |                                       |                |                |
| Akron, Canton & Youngstown*   | 785                          | 510            | 427                                   | 1,089          | 998            |
| Baltimore & Ohio  | 42,807                       | 35,031         | 30,417                                | 22,430         | 18,274         |
| Bessemer & Lake Erie  | 6,725                        | 6,033          | 4,505                                 | 2,537          | 2,480          |
| Buffalo Creek & Gauley  | 330                          | 320            | 283                                   | 0              | 0              |
| Cambria & Indiana   | 1,843                        | 1,647          | 1,650                                 | 16             | 23             |
| Central R.R. of New Jersey  | 9,104                        | 6,801          | 5,479                                 | 16,031         | 11,523         |
| Corwall   | 722                          | 688            | 617                                   | 74             | 48             |
| Cumberland & Pennsylvania   | 305                          | 237            | 201                                   | 43             | 36             |
| Ligonier Valley   | 126                          | 93             | 125                                   | 47             | 51             |
| Long Island   | 984                          | 778            | 693                                   | 3,222          | 2,176          |
| Penn-Reading Seashore Lines   | 2,132                        | 1,598          | 1,548                                 | 2,103          | 1,627          |
| Pennsylvania System   | 90,087                       | 70,479         | 59,956                                | 58,155         | 44,477         |
| Reading Co.   | 18,193                       | 14,528         | 12,523                                | 23,789         | 17,251         |
| Union (Pittsburgh)  | 19,301                       | 19,332         | 11,416                                | 6,193          | 5,736          |
| Western Maryland  | 4,642                        | 3,608          | 3,269                                 | 8,974          | 7,230          |
| <b>Total</b>  | <b>198,096</b>               | <b>161,683</b> | <b>132,028</b>                        | <b>144,703</b> | <b>111,930</b> |
| <b>Pocahontas District—</b>   |                              |                |                                       |                |                |
| Chesapeake & Ohio   | 29,249                       | 25,883         | 24,886                                | 13,161         | 11,719         |
| Norfolk & Western   | 25,316                       | 21,300         | 20,111                                | 6,276          | 5,264          |
| Virginian   | 4,526                        | 4,759          | 4,441                                 | 1,763          | 1,419          |
| <b>Total</b>  | <b>59,091</b>                | <b>51,942</b>  | <b>49,438</b>                         | <b>21,200</b>  | <b>18,402</b>  |
| <b>Southern District—</b>   |                              |                |                                       |                |                |
| Alabama, Tennessee & Northern   | 442                          | 218            | 284                                   | 253            | 193            |
| Atl. & W. P.—W. R.R. of Ala.  | 889                          | 700            | 737                                   | 1,814          | 1,463          |
| Atlanta, Birmingham & Coast   | 874                          | 874            | 558                                   | 1,078          | 687            |
| Atlantic Coast Line   | 10,866                       | 9,045          | 8,724                                 | 6,710          | 5,493          |
| Central of Georgia  | 4,705                        | 3,948          | 3,620                                 | 3,771          | 2,913          |
| Charleston & Western Carolina   | 474                          | 435            | 390                                   | 1,588          | 1,160          |
| Cincinnati  | 1,903                        | 1,416          | 1,408                                 | 2,738          | 1,796          |
| Columbus & Greenville   | 280                          | 223            | 314                                   | 490            | 307            |
| Durham & Southern   | 187                          | 164            | 180                                   | 810            | 579            |
| Florida East Coast  | 457                          | 402            | 393                                   | 793            | 719            |
| Gainsville Midland  | 35                           | 28             | 37                                    | 108            | 181            |
| Georgia   | 1,393                        | 1,360          | 927                                   | 1,921          | 1,684          |
| Georgia & Florida   | 665                          | 868            | 346                                   | 651            | 428            |
| Gulf, Mobile & Ohio   | 4,288                        | 3,169          | 3,150                                 | 3,765          | 3,154          |
| Illinois Central System   | 26,529                       | 20,597         | 20,237                                | 14,229         | 11,296         |
| Louisville & Nashville  | 24,787                       | 22,585         | 21,239                                | 8,103          | 5,473          |
| Macon, Dublin & Savannah  | 202                          | 133            | 106                                   | 665            | 493            |
| Mississippi Central   | 200                          | 125            | 129                                   | 385            | 237            |
| Nashville, Chattanooga & St. L.   | 3,406                        | 3,020          | 2,895                                 | 3,375          | 2,524          |
| Norfolk Southern  | 1,072                        | 962            | 1,150                                 | 1,476          | 1,365          |
| Piedmont Northern   | 479                          | 359            | 375                                   | 1,404          | 1,216          |
| Richmond, Fredericksburg & Potomac  | 404                          | 382            | 347                                   | 5,502          | 3,136          |
| Seaboard Air Line   | 10,246                       | 8,904          | 7,951                                 | 6,085          | 4,874          |
| Southern System   | 24,591                       | 20,660         | 19,659                                | 18,994         | 15,750         |
| Tennessee Central   | 561                          | 454            | 443                                   | 848            | 673            |
| Winston-Salem Southbound  | 294                          | 146            | 160                                   | 1,932          | 1,071          |
| <b>Total</b>  | <b>120,224</b>               | <b>101,177</b> | <b>95,558</b>                         | <b>89,138</b>  | <b>68,602</b>  |
| <b>Northwestern District—</b>   |                              |                |                                       |                |                |
| Chicago & North Western   | 23,103                       | 21,083         | 18,410                                | 13,775         | 10,843         |
| Chicago Great Western   | 3,083                        | 2,622          | 2,631                                 | 3,375          | 2,726          |
| Chicago, Milwaukee & St. P. & Pac.  | 25,228                       | 20,825         | 21,156                                | 10,705         | 7,930          |
| Chicago, St. P., Minn. & Omaha  | 4,440                        | 4,550          | 4,298                                 | 4,926          | 4,579          |
| Duluth, Missabe & Iron Range  | 24,671                       | 21,540         | 13,452                                | 260            | 271            |
| Duluth, South Shore & Atlantic  | 1,629                        | 756            | 1,179                                 | 555            | 517            |
| Elgin, Joliet & Eastern   | 10,439                       | 9,802          | 6,808                                 | 10,049         | 6,692          |
| Ft. Dodge, Des Moines & South   | 540                          | 547            | 485                                   | 171            | 169            |
| Great Northern  | 27,219                       | 27,666         | 22,248                                | 4,586          | 3,005          |
| Green Bay & Western   | 638                          | 491            | 635                                   | 744            | 667            |
| Lake Superior & Ishpeming   | 3,083                        | 3,028          | 2,679                                 | 85             | 75             |
| Minneapolis & St. Louis   | 2,415                        | 2,356          | 2,048                                 | 2,248          | 1,780          |
| Minn., St. Paul & S. S. M.  | 8,561                        | 8,360          | 7,617                                 | 3,451          | 2,751          |
| Northern Pacific  | 13,639                       | 11,917         | 10,310                                | 5,373          | 3,855          |
| Spokane International   | 259                          | 362            | 268                                   | 422            | 322            |
| Spokane, Portland & Seattle   | 3,204                        | 2,143          | 1,660                                 | 2,543          | 1,705          |
| <b>Total</b>  | <b>152,151</b>               | <b>138,048</b> | <b>115,884</b>                        | <b>63,268</b>  | <b>47,889</b>  |
| <b>Central Western District—</b>  |                              |                |                                       |                |                |
| Atch. Top. & Santa Fe System  | 22,608                       | 18,176         | 18,984                                | 8,409          | 5,755          |
| Alton   | 3,346                        | 3,028          | 2,928                                 | 3,173          | 2,028          |
| Bingham & Garfield  | 656                          | 521            | 462                                   | 68             | 62             |
| Chicago, Burlington & Quincy  | 19,192                       | 14,666         | 14,753                                | 10,701         | 8,112          |
| Chicago & Illinois Midland  | 2,423                        | 2,209          | 1,818                                 | 1,043          | 802            |
| Chicago, Rock Island & Pacific  | 13,580                       | 12,281         | 11,794                                | 10,704         | 8,964          |
| Chicago & Eastern Illinois  | 3,067                        | 2,480          | 2,434                                 | 2,941          | 2,686          |
| Colorado & Southern   | 862                          | 648            | 729                                   | 1,627          | 1,277          |
| Denver & Rio Grande Western   | 3,747                        | 5,065          | 3,776                                 | 4,455          | 3,036          |
| Denver & Salt Lake  | 734                          | 723            | 629                                   | 20             | 16             |
| Port. Worth & Denver City   | 1,077                        | 894            | 891                                   | 1,138          | 833            |
| Illinois Terminal   | 1,979                        | 1,759          | 1,828                                 | 2,157          | 1,602          |
| Missouri-Illinois   | 1,162                        | 1,011          | 1,278                                 | 800            | 450            |
| Nevada Northern   | 1,969                        | 1,622          | 961                                   | 129            | 153            |
| North Western Pacific   | 1,323                        | 922            | 788                                   | 633            | 419            |
| Peoria & Pekin Union  | 11                           | 7              | 21                                    | 0              | 00             |
| Southern Pacific (Pacific)  | 31,022                       | 25,477         | 24,081                                | 7,372          | 5,037          |
| Toledo, Peoria & Western  | 369                          | 294            | 283                                   | 1,650          | 1,174          |

## Weekly Coal Output Continues Above Last Year's Figures During Week Ended Aug. 23 1941

The current weekly coal report of the Bituminous Coal Division U. S. Department of the Interior revealed that the total production of bituminous coal in the week ended Aug. 23 is estimated at 10,750,000 net tons, approximately the same figure as for the preceding week, and in comparison with 8,883,000 tons in the corresponding week of 1940. There has been little change in the trend of soft coal production since the middle of July. The average weekly rate of output during the past six weeks, however, has been approximately 2-million tons above that in the same period last year, and almost a million tons over that in 1929.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Aug. 23 was estimated at 1,258,000 tons an increase of 84,000 tons over the preceding week (about 7%). Output in the corresponding week of 1940 amounted to 977,000 tons.

### ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

|                                  | Week ended    |               |               | Calendar year to date |         |         |
|----------------------------------|---------------|---------------|---------------|-----------------------|---------|---------|
|                                  | Aug. 23, 1941 | Aug. 16, 1941 | Aug. 24, 1940 | 1941                  | 1940    | 1929    |
| Bituminous coal a                | 10,750        | 10,740        | 8,883         | 307,944               | 285,411 | 334,761 |
| Total, including mine fuel       | 1,732         | 1,790         | 1,480         | 1,537                 | 1,423   | 1,661   |
| Crude petroleum b                | 6,368         | 6,333         | 5,619         | 201,723               | 202,165 | 148,504 |
| Coal equivalent of weekly output |               |               |               |                       |         |         |

a Includes for purposes of historical comparison and statistical convenience the production of lignite. b Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook 1939, page 702). c Sum of 34 weeks ending August 23, 1941, and corresponding weeks of 1940 and 1929.

### ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (In Net Tons)

|                                  | Week ended    |               |               | Calendar year to date |            |            |
|----------------------------------|---------------|---------------|---------------|-----------------------|------------|------------|
|                                  | Aug. 23, 1941 | Aug. 16, 1941 | Aug. 24, 1940 | 1941                  | 1940       | 1929       |
| Penn. Anthracite—                |               |               |               |                       |            |            |
| Total, including colliery fuel b | 1,258,000     | 1,174,000     | 977,000       | 34,645,000            | 32,792,000 | 44,180,000 |
| Commercial production c          | 1,195,000     | 1,115,000     | 928,000       | 32,919,000            | 31,152,000 | 40,999,000 |
| Beehive Coke—                    |               |               |               |                       |            |            |
| United States Total              | 156,900       | 138,200       | 66,400        | 3,850,500             | 1,389,100  | 4,457,900  |
| Daily average                    | 26,150        | 23,033        | 11,067        | 19,157                | 6,511      | 22,111     |

a Adjusted to comparable periods in the three years. b Includes washery and dredge coal, and coal shipped by truck from authorized operations. c Excludes colliery fuel.

### ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES (In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments; and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

| State                      | Week ended |         |          |          |          | Aug.<br>average |
|----------------------------|------------|---------|----------|----------|----------|-----------------|
|                            | Aug. 16,   | Aug. 9, | Aug. 17, | Aug. 19, | Aug. 17, |                 |
|                            | 1941       | 1941    | 1940     | 1939     | 1929     |                 |
| Alaska                     | 2          | 2       | 3        | 3        | 1        | 1               |
| Alabama                    | 344        | 346     | 268      | 223      | 313      | 397             |
| Arkansas and Oklahoma      | 82         | 77      | 81       | 55       | 80       | 81              |
| Colorado                   | 118        | 124     | 104      | 86       | 126      | 171             |
| Georgia and North Carolina | 1          | 1       |          |          | 1        | 1               |
| Illinois                   | 1,045      | 1,020   | 826      | 665      | 968      | 1,363           |
| Indiana                    | 446        | 403     | 338      | 242      | 277      | 440             |
| Iowa                       | 30         | 29      | 50       | 52       | 69       | 100             |
| Kansas and Missouri        | 147        | 132     | 104      | 95       | 112      | 145             |
| Kentucky—Eastern           | 956        | 924     | 868      | 778      | 925      | 765             |
| Western                    | 222        | 218     | 162      | 117      | 243      | 217             |
| Maryland                   | 33         | 38      | 27       | 25       | 47       | 44              |
| Michigan                   | 11         | 1       | 11       | 4        | 15       | 21              |
| Montana                    | 56         | 53      | 48       | 49       | 60       | 50              |
| New Mexico                 | 20         | 20      | 11       | 20       | 45       | 4               |
| North and South Dakota     | 21         | 21      | 20       | 17       | 113      | 120             |
| Ohio                       | 648        | 646     | 472      | 383      | 457      | 871             |
| Pennsylvania bituminous    | 2,678      | 2,658   | 2,262    | 1,730    | 2,645    | 3,734           |
| Tennessee                  | 147        | 130     | 120      | 107      | 104      | 116             |
| Texas                      | 9          | 9       | 10       | 18       | 24       | 21              |
| Utah                       | 85         | 81      | 83       | 48       | 68       | 81              |
| Virginia                   | 405        | 390     | 308      | 284      | 232      | 246             |
| Washington                 | 29         | 35      | 26       | 29       | 38       | 47              |
| West Virginia—Southern a   | 2,258      | 2,227   | 1,984    | 1,882    | 2,028    | 1,515           |
| Northern b                 | 828        | 854     | 634      | 519      | 711      | 875             |
| Wyoming                    | 119        | 110     | 95       | 89       | 111      | 136             |
| Other Western States c     | 1          | 1       | 1        | 1        | 13       | 14              |
| Total bituminous coal      | 10,740     | 10,550  | 8,915    | 7,520    | 9,714    | 11,534          |
| Pennsylvania anthracite d  | 1,174      | 1,287   | 952      | 783      | 1,072    | 1,126           |
| Total, all coal            | 11,914     | 11,837  | 9,867    | 8,303    | 10,786   | 13,460          |



## Foreign Front

(Continued from Page 22)

ings of merchant ships occurred. It may be too early, however, to claim the winning of the Battle of the Atlantic, for the German effort well may be revived if and when the Russian encounter ends. That Britain needs and desires more war materials to enhance the effort against the Nazis was indicated, last Saturday, by Foreign Secretary Anthony Eden, who called for greater production both in Britain and the United States. Some British spokesmen now call frankly for full military participation by the United States.

### Soviet Front

Time and the nearing Russian winter plainly are becoming ever more important factors in the war which the Nazi Germans extended to Communist Russia on June 22, for reports of the fighting suggest that a decision may be long delayed. In the center of the battlefield of 1,650 miles stretching from the Baltic to the Black Sea, Russian counterattacks held up the Nazis in recent days. At the extreme northern and southern tips of the line, however, the Reich forces admittedly made some progress. It may easily turn out that the fierce and dogged Russian push in the center will determine the immediate course of the entire campaign and therefore the line to be established for the harsh wintry months to come. So sharp was the Soviet attack, Moscow claimed, that German divisions had to be rushed from occupied France to aid the exhausted Nazis already in Russia. The German High Command said little about the maneuvers in the Gomel area, where the Russians claim to be advancing, but Berlin sources admitted strenuous efforts by their adversaries. Since neither German nor Russian sources can be fully trusted, there is a possibility that the news is being somewhat distorted or colored with a view to inducing Britain to attempt an invasion of the Continent. Apart from such considerations, however, it is plain that the aggressors have suffered heavy losses in their sustained battle against the vast armies of the Soviet Union.

In the northern sector the Germans appeared steadily to be drawing the net tighter around the vitally important City of Leningrad, which Russian military spokesmen admitted ten days ago to be seriously threatened. That the Moscow-Leningrad Railway has been cut is no longer disputed. From the north the Finns drove down the Karelian Isthmus, and last Saturday took the City of Viborg, which they had surrendered to Russia last year. Much rejoicing was occasioned in Finland by this recapture, even though Viborg was devastated, and rumors circulated for a time that peace might be restored between Russia and Finland. These rumors were quite circumstantial, and the United States Ambassador to Britain, John G. Winant, was said to be an intermediary. But the Finnish General, Lennart Oesch, maintained on Monday that the struggle must continue. Reich forces captured the former Estonian capital, Tallinn, last Friday, and Russia admitted the loss yesterday. Baltic Port and other towns also fell to the advancing Nazis, who claimed the sinking of 43 Russian merchant ships and 17 Russian warships in these actions, which completed the German investment of the Baltic States. At the southern end of the tremendous line the Russians claimed the establishment of a bridgehead over the Dnieper, but the Nazis scoffed at such reports. Odessa remained under siege, but soon may fall if there is truth in a new German claim

## PROCUREMENTS AND PRIORITIES

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in mechanical refrigerators, and nearly 100 per cent in silk. In this second type of situation the defense authorities have simply stepped in with a horizontal cut in order to procure the shortage throughout the industry, with the added possibility that the smaller units can be allocated a somewhat larger proportionate share of output in order to spare them from premature drowning in red ink.

But whether the impending shut-downs are due to sporadic and unpublicized shortages or to official horizontal cuts makes little difference to employer or employee; in either case they face hard times in the midst of prosperity.

As a result, for the first time since the defense program started, Washington is being deluged with frantic requests for relief from the economic consequences of re-armament. Mayors, city councils, chambers of commerce and labor organizations are asking that something be done to find their people work. A resolution for an investigation was considered by the Senate Commerce Committee on Wednesday, and the issue has become politically quite "hot."

On the other side of the picture, the defense program has now spread out approximately to the limits possible without a change in procurement methods. For various reasons the first year of the defense program saw a very heavy concentration of orders. About half a dozen single firms obtained nearly a third of all the defense contracts let; some 56 firms received 75 per cent of the total, and 600 firms got 90 per cent. A huge backlog of idle facilities, either carried over from the pre-defense period or soon to be made idle by raw material priorities, can only be tapped for defense by a change in the buying methods of the Army and Navy.

Up to the present, there were numerous good and valid reasons for the recent buying methods. The services found it easier to place a few large orders than to place and supervise a multitude of small ones. During their previous years of financial drought they had done business with comparatively few firms, had learned to rely on certain of them, and so preferred to continue doing business with them rather than shop around with unknown companies. Moreover the system of competitive bidding, developed to avoid the cost-plus scandals of negotiated contracts 25 years ago, contributed to this concentration of business; certain companies could do the work cheaper because they were big and because they were familiar with government requirements.

The defense authorities tried valiantly to encourage sub-contracting, but with little success; out of some \$2,500,000,000 of orders recently placed, only \$26,000,000 was sub-contracted.

Undoubtedly some of the current complaints and forewarnings of "priority unemployment" are considerably exaggerated. The American Federation of Labor, for instance, warns that by October first 1,500,000 men will be out of jobs in the metal-working industries alone, and other labor organizations have made even broader statements. But priorities are not shutting materials off that fast, and new defense orders are still putting fresh men to work by the thousands. Social Security Administrator McNutt estimated recently that defense would need 487,000 more workers by the first of October; and while it is estimated that the current program for automobile curtailment will cost 90,000 jobs, three large defense plants in Detroit will shortly be taking on from 40,000 to 50,000 men, with additional thousands to be added over the winter.

Nevertheless, the problem is a real and a serious one, and with the prospect of killing two birds with one stone—the need for defense expansion and the need for alleviating

that the main waterworks of the city have been taken. The difficulty of the Russian supply problem was illustrated by the unheralded arrival at Nome, Alaska, of two Russian airplanes bearing 47 Russian military experts on their way to Washington.

### Middle Eastern Crisis

Although British and Russian troops now have fortified their hold upon the Middle East through the conquest of Iran, the danger of a more widespread conflict in that region is not yet surmounted. In the unlikely event of an early German victory over Russia, the Nazis can be expected to drive toward Iran over the land route. More immediate is the problem of Turkey, which appears to be subjected to extraordinary pressures from London and Berlin, alike. Heavy concentrations of German troops have been reported recently on the border of European Turkey, and it is no secret that Great Britain

now has sizable contingents close to the borders of Asiatic Turkey. These forces emphasize sharply the diplomatic tug-of-war which now rings Turkey completely. No matter what the Turkish decision may be, however, the fact remains that Britain and Russia now have assured a supply line from the Persian Gulf which doubtless will play an important part during the forthcoming campaigns. Slim as it is, this supply line may prove vital to the Russians as the war with Nazi Germany continues. This meeting took place at Sinneh, Iranians to the Anglo-Russian invasion ended quickly, and by last Monday a junction already had been effected of the British, moving from the south, and the Russians, moving from the north. This meeting took place at Sinneh, in the western part of the country. Outlines of a working agreement between the Iranian authorities and the Anglo-Russian forces

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unemployment—the defense authorities have been taking some decidedly constructive steps this month.

First of these is preparation for a considerably more meticulous "scheduling" of raw materials. Charges are frequently heard that armament companies, and even the armed services themselves, are using loopholes in the priority system to pile themselves up inventories of raw materials in excess of their scheduled requirements, "just in case." The cure for this, unfortunately, means a more careful system of official scrutiny not only of who gets what materials, but how much. This is already in effect in aluminum, where the principal supplier must make detailed monthly reports of all deliveries, so that the authorities can tell whether the priorities privilege is being abused. Another step was taken recently in General Metals Order No. 1, stipulating that certain consumers of scarce metals shall not increase inventories "beyond the amount needed in the normal operation of business." And further steps are being prepared. The result should be to make the scarce supplies go further, either to more defense plants or, if there is anything over, to non-defense industries badly in need of a few pounds or tons of some scarce item in order to keep plants and men occupied.

A second type of change involves sub-contracting, which the achievements in this direction of such firms as Pratt & Whitney, Sperry, and Alliscn indicate can be much more widely practiced. The British have developed a good deal of favorable experience in this line, and the automobile industry is reported ready to sub-contract as much as 45 per cent of its present backlog of \$2,000,000,000 of defense orders.

The Defense Contract Service of OPM has been lifted up to more authority. Contracts over \$50,000 must now state the percentage to be sub-contracted or "farmed out," and those over \$250,000 must give this information in detail. As Mr. Knudsen said at a recent press conference:

"We try from our experience with other firms in the same line to see whether there is a way to get them to increase that ratio, see? Say we have two contractors making a 9-cylinder engine. If one has got 20 per cent (sub-contracted) and the other has 40 per cent, we will go to the fellow with 20 and say, will you give us 35."

Prime contractors are to be reimbursed for added costs due to sub-contracting. They are to be given bonuses if they can achieve earlier delivery by sub-contracting. The use of "key sub-contractors," making a specialty of sub-contracting, is to be extended.

Other changes are intended to make it easier for small firms and those heretofore unfamiliar with government specifications, to handle defense orders. Performance bond requirements are to be modified. Inspection at plants will speed up payments. Calls for bids for large quantities are to be broken down into optional smaller units to let the smaller fellows bid. Where possible, specifications are to be relaxed and tolerances lowered.

Negotiated contracts are to be permitted at prices up to 15 per cent above going rates, when approved by Defense Contract Service, so that defense work can go out into communities which without it face early shut-downs for lack of materials. Arrangements are to be made for local manufacturer "pools" to bid on work which can then be spread among different shops owning the necessary tools.

These local pools have been in formation for some time, many of them instigated by the National Association of Manufacturers. In addition the defense authorities are encouraging "defense clinics," where small would-be defense contractors can meet the representatives of the large prime contractors; such clinics have recently been held in New York, Brooklyn, Hartford, and many upstate New York cities.

In addition, the U. S. Census Bureau, under the direction of the defense authorities, is now taking a census of the facilities of 65,000 small manufacturers to make available a pool or file of information in Washington of where work can be placed, similar to the pool of registered skilled and semi-skilled available workers made last year by the U. S. Employment Office, and the pool of information on scientific specialists built up by the National Research Council.

Lastly, the so-called "Buffalo plan" is being pushed by the Labor Division of OPM. Under this plan some 2,300 men released by the closing of a Chrysler automobile factory are to be re-trained under a program sponsored by the local employment services and the personnel managers of defense plants, in and around Buffalo, to be re-hired in these defense plants when the training is completed.

It is ironic that after the government for many years has been favoring little business at the expense of big through the tax and anti-trust laws, and in fact has been trying to "atomize" or "pulverize" big business into little ones, it should now find the gearing of little business into the defense program so much greater a problem than the gearing in of big business.



## Foreign Front

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were reported in London, Tuesday, as nearing completion.

### Franco-German Collaboration

Harassed by the Germans on the one side and by numberless internal dissidents on the other, Marshal Henri Philippe Petain still endeavors to find some means of continuing the precarious hold of his regime in Vichy upon France. The unrest prevalent in both occupied and unoccupied France plainly has reached the breaking point, with drastic action to be expected if disorders continue. Other countries which are held by the German militarists unquestionably are moving toward the same situation. But France epitomizes the problem, and also tends to establish precedents for much of Europe in these difficult times. Almost a full month has gone by since Marshal Petain announced "collaboration" with the Berlin Government in the vague "new order" of the Nazis. Such collaboration still remains to be established, however, and in the meanwhile objections have reached the point of open revolt. This is the only interpretation that can be put upon the shooting and wounding at Versailles, Aug. 27, of Pierre Laval and Marcel Dethy by the alleged Communist Paul Collette. The two leading French proponents of collaboration with Hitler now are reported out of danger, but the attack will echo grimly in French councils. German authorities appear disposed to treat the incident as of no concern to them, but a false move by Vichy might quickly change the situation. Marshal Petain announced last Sunday that the Legion of War Veterans will be enlarged and will carry on in France the necessary political activities. Whether this delegation of power to the semi-fascistic Legion will tend to quiet France seems doubtful.

## N. Y. Stock Exchange

### Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Thomas W. Barsch has been proposed as alternate for Frederick B. Hard, under Section XI, Article II, which will be considered on September 11, 1941.

Transfer of the Exchange membership of Sheldon T. Coleman to Thomas Jordan will be considered on September 15, 1941.

The transfer of the Exchange membership of Harold W. Scott, partner in Dean Witter & Co., to Leonard A. Goldstone will be considered on September 11, 1941. (Dean Witter & Co. will continue as an Exchange member firm.)

William Sheffield Cowles general partner in Wood, Walker & Co., New York City, became a special partner August 30, 1941.

David E. Levey, Exchange member, retired from partnership in Bernard J. Goldstein & Co., New York City as of August 31st. The firm has retired as a Stock Exchange member firm, but will continue in the securities business.

Harry Rice Kimbark, Chicago, withdrew from partnership in Harris, Upham & Co. on August 30th.

Paul T. Brady withdrew from L. S. Kerr & Co., New York City as of August 30th.

Auchincloss & Coleman, New York City, dissolved as of August 30th.

F. H. Prince & Co., Providence, R. I., dissolved as of June 17, 1941.

Edward E. B. Adams, special partner in E. F. Hutton & Co., New York City, died on August 23rd.

Philip W. Russell, allied member, Merrill Lynch, Pierce Fenner & Beane, New York City, died on August 24th.

## Says Liberalizing Influence of Competitive Bidding Rule Fosters Free Enterprise

"The liberating influence of our competitive bidding rule will foster free enterprise and competition in a field which has long been characterized by concentration of the management and underwriting of new securities in the hands of a few firms," it was asserted on Aug. 28 by Robert E. Healy, a member of the Securities and Exchange Commission, in addressing the National Association of Railroad and Utility Commissioners at St. Paul, Minn. Advice from St. Paul to the New York "Herald Tribune" thus quoting Mr. Healy likewise reported him as saying:

"Since Rule U-50 became effective, there appears to have been active competition between investment bankers both in the formation of groups to bid on new issues (frequently without relation to past affiliations) and in the tendering of bids. The insistence upon competition in the sale of this particular kind of merchandise follows the traditional American pattern of the Sherman Act, the Clayton Act, and the Federal Trade Commission Act. All of them aim to preserve competition and to keep that competition fair."

"These laws, backed by both major political parties, are among the foundation stones of our democratic system of capitalism. Let it not be thought that Rule U-50 is merely a matter of business procedure."

"Ours is a system of free enterprise and when practices are allowed to develop which eliminate or suppress competition, the very fundamentals of that system are endangered."

The adoption by the SEC of Rule U-50 under the Public Utility Holding Company Act of 1935 was noted in these columns April 12, page 2316; as indicated therein, it requires, with certain exemptions, competitive bidding in the issuance and sale of securities of registered gas and electric public utility holding companies and their subsidiaries. In his remarks at St. Paul, Mr. Healy, according to the New York "Times" of Aug. 29 stated that "after the first three deals under Rule U-50, which was enforced on May 7 last, the Commission sent representatives to interview more than 20 New York underwriters."

The account of his address in the "Times" continued:

"With respect to the formation of syndicates to bid on securities."

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## OPM Board Reorganized - Small Plants To Receive Additional Steel Defense Orders

The "Iron Age" in its issue of Sept. 4 reported that a long step toward unification of U. S. defense efforts was taken last week in the President's third shake-up of the government's defense machinery. At first glance the reorganization represents progress for the new deal and a setback of industrialists who 15 months ago were drafted to get the national defense program under way. The "Iron Age" further reported:

While the new super board has potentialities for smoothing the allocation of defense and civilian supplies, it removes from the domestic picture two key men recruited from industry—Edward R. Stettinius, Jr., former OPM director of priorities, and John D. Biggers, former OPM director of production. One of the ablest men to rise in the reorganization is Donald Nelson, former OPM director of purchases who becomes executive director of the new 7-man board. Industry recalls that Mr. Nelson has frequently advocated establishment of a civilian planning board to pass on competing requirements of both defense and non-defense plants.

Meanwhile the plight of plants facing possible extinction through the workings of the complicated priorities system shows no improvement.

While some small plants may find themselves in a hopeless position until the shortages of material like steel pass—and they will pass—other non-defense plants may owe part their difficulties to their own inertia. At Chicago the defense contract service this week warns such non-defense plants to stick out their chins and fight. "Don't stop soliciting after submitting a list of your plant facilities," the defense agency said. "Too many firms are never heard from again. The aggressive firm keeps coming back." A successful Chicago sub-contractor urges: "Keep the attitude that the government right now is the biggest sales prospect in the world and go after his business as wolfishly as in regular trade channels." To many non-defense plants, such advice looked easy to give but hard to take.

Attacking from another direction, the dislocation of industry not having defense orders, the OPM is surveying communities and industries struck by material shortages, and the army and the navy will be asked to place contracts in these areas on a basis of OPM findings. A preliminary list of such industries shows stove, electrical appliance, washing machine, zipper, aluminum ware, metal of ice furniture, refrigerator and such consumer goods industries particularly hard hit. The OPM hopes to convert these industries to war work as some aluminum pot and pan makers were recently converted to rolling brass shells and drawing cartridge cases.

Difficulty in getting supplies has extended to the vital machine tool industry. A recent survey of such plants showed that 20 out of 85 reported troubles in obtaining sufficient materials, parts and other supplies.

At the same time 61 of the 85 machine tool plants report shortages of skilled men and 24 found a scarcity of supervising personnel.

Steel producers, endeavoring to make enough of that metal to go around, this week found another customer, Russia, inquiring for large tonnages of almost all types of steel. In the face of such a demand from so many places, Labor Day this year meant little as production holiday and ingot output for the country dipped only 1/2 point to 96.5% from the 97% rate prevailing last week.

The steel industry as a whole closed August order books with total specifications equal to or slightly greater than the July tonnage. Some companies reflected gains last month as much as 30% above July, with orders in the past week particularly heavy for plates, shapes, bars and oil country goods. The steel companies are expected to provide a complete report on shipments, orders and unfilled backlogs to the OPM about Oct. 1. This report apparently will recapitulate information now being supplied by steel consumers on form PD-73. All steel orders now must carry this form

and by Oct. 1 most of the unfilled steel tonnage on company books will be properly catalogued and classified for the OPM.

This week sheet mills, consumers of their products, again were feeling the pressure of the defense program and were having their production cut because of the allocation of plate tonnage. Barrell stock for Russian oil drums, however, have been given an A-1-A priority and the material, allocated to several sheet mills, constitutes a "rush shipment." Already exercising strict control over plate mill rolling and shipping schedules, the OPM is expected soon to extend this treatment to structural steel products and possibly hot rolled bars. Practically all pig iron shipments in September will be for defense projects.

At midweek, the iron and steel scrap trade, with orders taken before Sept. 1 at prices above the OPACS ceiling cancelled, awaited the imposition of mandatory control over that commodity. A lull in shipments set in following the Sept. 2 deadline proclaimed by the OPA for strict adherence to ceiling prices. From various centers come reports to the "Iron Age" that the usual large inventories built up each fall at consuming plants as a hedge against cold weather (when collection is more difficult) are lacking.

Fabricated structural steel awards of 20,900 tons are more than double those of a week ago. Sizable lettings are 7,000 tons at Salt Lake City, Utah, for a small arms plant for Remington Arms Co. and 4,900 tons for a foundry at the Ford River Rouge plan New Structural steel projects of 25,750 tons are slightly higher than last week's. Reinforcing steel awards total 26,900 tons against 27,700 tons a week ago.

### THE "IRON AGE" COMPOSITE PRICES

| Finished Steel   |              |        |              | High   |         | Low    |         |        |
|--|--------------|--------|--------------|--------|---------|--------|---------|--------|
| Sept. 2, 1941, 2,304,676 c. a Lb.  |              |        |              | 1939   | 22.61   | Sep 19 | 20.61   | Sep 12 |
| One week ago   |              |        |              | 1938   | 2.25    | Jun 21 | 19.61   | July 6 |
| One month ago  |              |        |              | 1937   | 23.25   | Mar 9  | 20.25   | Feb 16 |
| One year ago   |              |        |              | 1936   | 19.74   | Nov 24 | 18.73   | Aug 17 |
| A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output. |              |        |              | 1935   | 18.84   | Nov 5  | 17.83   | May 17 |
|  |              |        |              | 1934   | 17.90   | May 1  | 16.90   | Jan 27 |
|  |              |        |              | 1933   | 16.90   | Dec 5  | 15.56   | Jan 3  |
|  |              |        |              | 1932   | 14.81   | Jan 5  | 13.56   | Dec 6  |
|  |              |        |              | 1931   | 15.90   | Jan 6  | 14.79   | Dec 15 |
|  |              |        |              | 1930   | 18.21   | Jan 7  | 16.90   | Dec 16 |
|  |              |        |              | 1929   | 18.71   | May 14 | 18.21   | Dec 17 |
| High   |              |        |              | Low    |         |        |         |        |
| 1941   | 2,304,676 c. | Sep 2  | 2,304,676 c. | Sep 2  |         |        |         |        |
| 1940   | 2,304,676 c. | Jan 2  | 2,241,076 c. | Apr 16 |         |        |         |        |
| 1939   | 2,353,676 c. | Jan 3  | 2,266,896 c. | May 16 |         |        |         |        |
| 1938   | 2,584,146 c. | Jan 4  | 2,272,076 c. | Oct 18 |         |        |         |        |
| 1937   | 2,584,146 c. | Mar 9  | 2,322,636 c. | Jan 4  |         |        |         |        |
| 1936   | 2,322,636 c. | Dec 28 | 2,052,006 c. | Mar 10 |         |        |         |        |
| 1935   | 2,076,426 c. | Oct 3  | 2,064,926 c. | Jan 8  |         |        |         |        |
| 1934   | 2,153,676 c. | Apr 24 | 1,957,576 c. | Jan 2  |         |        |         |        |
| 1933   | 1,955,786 c. | Oct 3  | 1,759,366 c. | May 2  |         |        |         |        |
| 1932   | 1,891,936 c. | July 5 | 1,839,016 c. | Mar 1  |         |        |         |        |
| 1931   | 1,996,296 c. | Jan 13 | 1,865,866 c. | Dec 29 |         |        |         |        |
| 1930   | 2,254,886 c. | Jan 7  | 1,973,196 c. | Dec 9  |         |        |         |        |
| 1929   | 2,317,736 c. | May 28 | 2,264,986 c. | Oct 29 |         |        |         |        |
| Pig Iron   |              |        |              | High   |         | Low    |         |        |
| Sept. 2, 1941 \$23.61 a Gross Ton  |              |        |              | 1941   | \$22.00 | Jan 7  | \$19.17 | Apr 10 |
| One week ago   |              |        |              | 1940   | 21.83   | Dec 30 | 16.04   | Apr 9  |
| One month ago  |              |        |              | 1939   | 22.50   | Oct 3  | 14.08   | May 16 |
| One year ago   |              |        |              | 1938   | 15.00   | Nov 22 | 11.07   | Jun 7  |
| Based on average for basic iron at Valley furnace and foundry iron at Chicago, Philadelphia, B. & O., Valley and Southern iron at Cincinnati.                                      |              |        |              | 1937   | 21.92   | Mar 29 | 12.92   | Nov 10 |
|  |              |        |              | 1936   | 17.75   | Dec 21 | 12.67   | Jun 9  |
|  |              |        |              | 1935   | 14.42   | Dec 10 | 10.3    | Apr 29 |
|  |              |        |              | 1934   | 13.00   | Mar 13 | 9.50    | Sep 25 |
|  |              |        |              | 1933   | 12.25   | Aug 8  | 6.75    | Jan 3  |
|  |              |        |              | 1932   | 8.50    | Jan 12 | 6.47    | July 5 |
|  |              |        |              | 1931   | 11.33   | Jan 6  | 8.50    | Dec 29 |
|  |              |        |              | 1930   | 13.00   | Feb 18 | 11.25   | Dec 9  |
|  |              |        |              | 1929   | 17.53   | Jan 29 | 14.03   | Dec 3  |

The American Iron and Steel Institute on Sept. 2 announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 96.3% of capacity for the week beginning Sept. 2, compared with a revised figure of 93.5% one week ago, 96.3% one month ago (likewise revised) and 82.5% one year ago (unrevised). This represents a decrease of 0.2 points, or 0.2%, from the preceding week. Weekly indicated rates of steel operations since Aug. 5, 1940, follow:

| 1940   | 1941  | 1941   | 1941  | 1941   | 1941  |
|--------|-------|--------|-------|--------|-------|
| Aug 5  | 90.5% | Nov 11 | 96.1% | Feb 3  | 96.9% |
| Aug 12 | 89.5% | Nov 18 | 96.6% | Feb 10 | 97.1% |
| Aug 19 | 89.7% | Nov 25 | 96.6% | Feb 17 | 96.7% |
| Aug 26 | 91.3% | Dec 2  | 96.9% | Feb 24 | 96.7% |
| Sep 2  | 92.5% | Dec 9  | 96.9% | Mar 3  | 97.5% |
| Sep 9  | 91.9% | Dec 16 | 96.8% | Mar 10 | 98.8% |
| Sep 16 | 92.9% | Dec 23 | 96.8% | Mar 17 | 99.4% |
| Sep 23 | 92.5% | Dec 30 | 95.9% | Mar 24 | 99.8% |
| Sep 30 | 92.6% | 1941   |       | Mar 31 | 99.2% |
| Oct 7  | 94.2% | Jan 6  | 97.2% | Apr 7  | 99.3% |
| Oct 14 | 94.4% | Jan 13 | 98.5% | Apr 14 | 98.3% |
| Oct 21 | 94.9% | Jan 20 | 96.5% | Apr 21 | 96.9% |
| Oct 28 | 95.7% | Jan 27 | 97.1% | Apr 28 | 94.2% |
|        |       |        |       | May 5  | 96.8% |

x The revisions in the rates published for increased capacity of the industry, rated as previous weeks, reflect the recently announced of June 30, 1941.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Sept. 1, stated:

Breaking precedent of many years, steelmaking units generally are operating through Labor Day, though some finishing capacity will be idle. This action attests clearly appreciation of necessity for full production, since Labor Day has been a "sacred" holiday. One effect will be to assure consumers that every effort is being made to provide for their needs.

Great confusion exists as to application of full priority on steel, which goes into effect today (Sept. 1). Reclassification of orders to conform to the new situation is going forward as rapidly as possible but is far from completed. It appears definitely that defense will absorb so much tonnage on high priorities that civilian consumers will have little chance to obtain shipments for some time.

Some steelmakers, after study of the priority order and observation of its preliminary workings, believe it will clear the situation materially. They expect civilian supplies will be severely restricted for perhaps 60 days and after that be in better position than during the past few months, with more steel available for such use. Application of Form PD-73 is expected to ration steel more equitably than formerly.

Many consumers have sent in orders without necessary forms attached and in other cases not fully executed. These orders must be sent back. Consumers covered far in advance have failed to file Form PD-73 and have been notified of the requirement.

Mill difficulty varies with the proportion of defense business on books. Makers of special steels find distribution relatively easy as practically all their production goes to defense. Mills making a wide variety of common steel have heavy orders from customers in the H class and difficulty is being experienced in deciding how much of this tonnage can be released.

Consumers without defense or essential civilian business, who have been able to get by until now, face the necessity of obtaining



## President Calls For Increased Armament Production; Everything Else Is Secondary

In a Labor Day radio broadcast on Sept. 1, President Roosevelt asserted that "we shall do everything within our power to crush Hitler and his Nazi forces" in order to "build a democratic world on enduring foundations."

Stating that American labor "bears a tremendous responsibility in the winning of this most brutal, most terrible of all wars," the President asserted, that the reason why we are determined "to devote our entire industrial effort to the prosecution of a war which has not yet touched our own shores" is "due solely to our recognition of the fact that our fundamental rights, including the rights of labor, are threatened by Hitler's violent attempt to rule the world."

Mr. Roosevelt further said that because of the interdependence of all our rights "we have been able to defy and frustrate the enemies." While stating that the products of American industry are "moving to the battlefronts against Hitlerism in increasing volume each day" the President warned that our American effort was not enough and that the total of our production must be stepped up, since output of "the weapons of freedom will determine in no small part the length of the ordeal through which humanity must pass." Declaring that we "cannot hesitate or equivocate in the great task before us," the President added that "the defense of America's freedom must take precedence over every private aim and over every private interest."

Mr. Roosevelt also asserted that "we must do our full part" in conquering the "forces of insane violence" let loose upon the earth by Hitler. With regard to those who urge a course of negotiation with Hitler, the President said he would not become a modern Benedict Arnold and betray all that he holds dear.

The President's talk was made in a Labor Day observance program, arranged by the Office for Emergency Management. Others on the program included British Minister of Labor Ernest Bevin, speaking from London; William Green, President of American Federation of Labor; James B. Carey, Executive Secretary of the Congress of Industrial Organizations, and Sidney Hillman, Associate Director General of the Office of Production Management.

The following is the text of the President's address, according to the Associated Press:

On this day—this American holiday—we celebrate the rights of free laboring men and women.

The preservation of these rights is now vitally important not only to us who enjoy them—to the whole future of Christian civilization.

American labor now bears a tremendous responsibility in the winning of this most brutal, most terrible of all wars.

In our factories and shops and arsenals we are building weapons on a scale great in its magnitude. To all the battle fronts of the world these weapons are being dispatched, by day and by night, over the seas and through the air. And this nation is now devising and developing new weapons of unprecedented power toward the maintenance of democracy.

Why are we doing this? Why are we determined to devote our entire industrial effort to the prosecution of a war which has not yet actually touched our own shores?

We are not a warlike people. We have never sought glory as a nation of warriors. We are not interested in aggression. We are not interested—as the dictators are—in looting. We do not covet one square inch of the territory of any other nation.

Our vast effort, and the unity of purpose which inspires that effort, are due solely to our recognition of the fact that our fundamental rights—including the rights of labor—are threatened by Hitler's violent attempt to rule the world.

These rights were established by our forefathers on the field of battle. They have been defended—at great cost but with great success—on the field of battle, here on our own soil, and in foreign lands, and on all the seas all over the world.

There has never been a moment in our history when Americans were not ready to stand up as free men and fight for their rights.

In times of national emergency, one fact is brought home

to us clearly and decisively—the fact that all of our rights are interdependent.

The right of freedom of worship would mean nothing without freedom of speech. And the rights of free labor as we know them today could not survive without the rights of free enterprise.

That is the indestructible bond that is between us—all of us Americans: interdependence of interests, privileges, opportunities—interdependence of rights.

That is what unites us—men and women of all sections, of all races, of all faiths, of all occupations, of all political beliefs. That is why we have been able to defy and frustrate the enemies who believe they could divide us and conquer us from within.

These enemies all know that we possess a strong Navy—gaining in strength. They know that that Navy—as long as the Navies of the British Empire and the Netherlands and Norway and Russia exist—can together guarantee the freedom of the seas. These enemies know that if those other navies are destroyed, the American Navy cannot now, or in the future, maintain the freedom of the seas against all the rest of the world.

These enemies know that our Army is increasing daily in its all-round strength.

These enemies know that today the chief American fighters in the battles now raging are those engaged in American industry, employers and employees alike.

These enemies know that the course of American production in the past year has shown enormous gains and that the product of these industries is moving to the battlefronts against Hitlerism in increasing volume each day.

But these enemies also know that our American effort is not yet enough—and that unless we step up the total of our production and more greatly safeguard it on its journeys to the battlefields, these enemies will take heart in pushing their attack in old fields and new.

I give solemn warning to those who think that Hitler has been blocked and halted, that they are making a very dangerous assumption. When in any war your enemy seems to be making slower progress than he did the year before, that is the very moment to strike with redoubled force—to throw more energy into the job of defeating him—to end for all time the menace of world conquest and thereby end all talk or thought of any peace founded on a compromise with evil itself.

And we know that a free labor system is the very foundation of a functioning democracy. We know that one of the first acts of the Axis dictatorships has been to wipe out all the principles and standards which labor has been able to establish for its own preservation and advancement.

Trade unionism is a forbidden philosophy under these rule or ruin dictators. For trade unionism demands full freedom of expression and peaceful assembly. Trade unionism has helped to give every one who toils the position of dignity which is his due.

The present position of labor in the United States as an interdependent unit in the life of the nation has not come about by chance. It has been an evolutionary process of a healthy democracy at work.

Hitler has not worked that way. He will not—he cannot work that way. Just as he denies all rights to individuals, he must deny all rights to groups—of labor, of business, of learning, of the church. He has abolished trade unions as ruthlessly

## Tungsten Is Placed Under Full Priority—Cadmium To Sell At 90c. Per Pound

"Metal and Mineral Markets" in its issue of Sept. 4 reported that both domestic and imported tungsten ore and concentrates were placed under full priority, under Preference Order M-29, during the last week. Better control over prices is expected by this action. Leon Henderson announces major producers of cadmium are willing to continue selling

cadmium at 90c. a pound for sticks. OPA definitely place Lake copper price on same Valley basis as electrolytic, and therefore allows Western deliveries to be sold at a premium. Consumers receive allocations for September copper from OPM. The publication further stated:

### Copper

Sales of copper in the domestic market during the last week totaled 22,294 tons, against 13,621 tons in the previous week. Sale of domestic metal during August involved 85,763 tons, which compares with 99,912 tons for July. All of the business during the seven-day period was booked on the basis of 12c. Valley.

OPA on Aug. 28 amended Schedule No. 15 so that Lake copper, though held at a ceiling of 12c. Valley, may be sold at the same delivery differentials as electrolytic, and casting copper is now at 11.75c. f.o.b. refinery instead of Valley basis. OPA stated that Lake, before ceilings

as he has persecuted religion.

No group of Americans has realized more clearly what Nazi domination of the world means than has organized labor—what it means to their standards of living, their freedom, their lives. No group has a greater stake in the defeat of Nazism, in the preservation of the fundamental freedoms, in the continuance of democracy throughout the world. We have already achieved much it is imperative that we achieve infinitely more.

The singlemindedness and sacrifice with which we jointly dedicate ourselves to the production of the weapons of freedom will determine in no small part the length of the ordeal through which humanity must pass.

We cannot hesitate, we cannot equivocate in the great task before us. The defense of America's freedom must take precedence over every private aim and over every private interest. We are engaged on a grim and perilous task. Forces of insane violence have been let loose by Hitler upon this earth. We must do our full part in conquering them. For these forces may be unleashed on this nation as we go about our business of protecting the proper interests of our country.

The task of defeating Hitler may be long and arduous. There are a few appeasers and Nazi sympathizers who say it cannot be done. They even ask me to negotiate with Hitler—to pray for crumbs from his victorious table. They do, in fact, ask me to become the modern Benedict Arnold and betray all I hold dear—my devotion to our freedom—to our churches—to our country. This course I have rejected—I reject it again.

Instead, I know that I speak the conscience and determination of the American people when I say that we shall do everything in our power to crush Hitler and his Nazi forces.

American workers and American farmers, American businessmen and American churchmen—all of us together—have the great responsibility and the great privilege of laboring to build a democratic world on enduring foundations.

May it be said on some future Labor Day by some future President of the United States that we did our work faithfully and well.

were set, sold at a small premium over electrolytic in the Valley and at a small discount in the Chicago area. Casting copper normally sold on a refinery basis.

### Lead

Producers met yesterday (Sept. 3) in Washington with government representatives to consider allocations of foreign lead for September. Sales during the holiday week excluding metal released by Metals Reserve were small, totaling 3,731 tons, against 4,547 tons in the previous week. The quotation held at 5.85c., New York, which was also the contract settling basis of the American Smelting & Refining Company, and at 5.70c., St. Louis.

### Zinc

Sales of common zinc for the week ended Aug. 30 amounted to 3,177 tons, with shipments in the same period of 7,334 tons. Unfilled orders of common zinc stand at 67,298 tons. The trade is awaiting clarification of the recent order from Washington to sell zinc to consumers with defense orders, whether or not preference rating is stated by the consumer. Prime Western zinc continued at 7 1/4c., St. Louis.

### Cadmium

Leon Henderson announced Aug. 30 that major producers have indicated their willingness to continue to sell cadmium at prices not above 90c. a pound for sticks and 95c. a pound for anodes on direct sales to users, and to sell to dealers at discounts which will permit resales to consumers at not above 90c. and 95c., respectively, on the shapes named. Prices above these levels are held to be excessive and consumers have been requested not to pay what amounts to a premium. Cadmium users asked to pay excessive prices should report to OPM, Mr. Henderson said. Consumers unable to obtain cadmium at the prices indicated should communicate with OPA.

### Tungsten

Tungsten ore or concentrate has been placed under full priority, it was announced during the last week. The order covers both domestic and imported ore or concentrate. By this action better control over prices is expected, trade authorities familiar with the situation hold. An allocation system has been set up to regulate distribution of ferrotungsten, tungsten metal, and various tungsten salts.

### Tin

Nearby tin being unavailable made for a quiet market during the last week. Prices remained unchanged at the fixed ceiling of 52c. for Straits. Prices for futures were also 52c.

World production of tin (on ore basis) for July was estimated at 18,100 long tons, against 19,900 tons in the same month last year, according to the Tin Research Institute. Production in the first seven months of this year totaled 146,900 tons, against 125,100 tons in the Jan.-July period of 1940.

United States deliveries of tin for August amounted to 13,625 tons, which compares with 12,575 tons in July and 12,470 tons in August last year.

Straits tin for future arrival was as follows:

|         | Sept.   | Oct.   | Nov.   | Dec.   |
|---------|---------|--------|--------|--------|
| Aug. 28 | 52.000  | 52.000 | 52.000 | 52.000 |
| Aug. 29 | 52.000  | 52.000 | 52.000 | 52.000 |
| Aug. 30 | 52.000  | 52.000 | 52.000 | 52.000 |
| Sept. 1 | Holiday |        |        |        |
| Sept. 2 | 52.000  | 52.000 | 52.000 | 52.000 |
| Sept. 3 | 52.000  | 52.000 | 52.000 | 52.000 |

prime contracts or subcontracts carrying priority. Probably considerable delay in switching to defense work will result in dislocation of labor, at least temporarily.

A shift in demand for shapes and plates is evident as plant construction nears completion and production gets under way. The accent is shifting from building material to steel for fabrication in the new plants, a trend to be intensified in the future.

Outlook for pig iron for use outside defense work is dark, although possession of large stocks by some consumers has been revealed by reports to OPM and this may bring adjustment to relieve needs of other melters less happily situated.

Notice that ceiling prices on scrap will be enforced after today by application of full government powers is the outcome of a conference with suppliers and consumers last week. This results from widespread disregard of price schedules in the effort to obtain larger supplies in the present period of scarcity.

Exports of steel and iron products in June fell off for the fourteenth consecutive month. Excluding scrap, shipments totaled on a 398,667 gross tons, compared with 617,181 tons a year ago. However, exports for first half, at 3,016,668 tons, is somewhat above 2,764,943 tons shipped in first half last year.

Production of automobiles continues at a high rate, 39,935 units being made last week, compared with 45,525 the preceding week and 27,645 the corresponding week last year.

Ingot production last week gained 1/2-point over the revised rate of the preceding week, to 96 1/2%. Birmingham, Ala., showed an increase of 5 points to 95% and Wheeling 1 point to 93%. The remainder were unchanged; Chicago, 101 1/2%; Cincinnati, 88; St. Louis, 98; Eastern Pennsylvania, 95 1/2%; Buffalo, 93; Pittsburgh, 100; New England, 90; Detroit, 92; Cleveland, 93; Youngstown, 93.

Revision of steelmaking capacity figures by the American Iron and Steel Institute from 84,152,000 net tons, the base during first half, to 86,148,000 tons as of June 30, the base for second half, has had the effect of reducing the per cent of capacity operated about two points. Rates have been revised from the beginning of July to give effect to the new base.

Composites are unchanged, prices being frozen at OPACS levels. Finished steel composite is \$56.60, iron and steel \$38.15 and steel-works scrap \$19.16.



## Senate Committee Tax Bill Reported; Yield Estimates Vary

The Senate Finance Committee completed its action on the proposed tax bill on Aug. 29; the measure as it comes from its hands, and formally reported to the Senate on Sept. 2, will, it is estimated by the Treasury yield \$3,672,400,000 in revenue through the proposed taxation to be imposed, while, according to Senator George, Chairman of the Senate Finance Committee, the yield would be approximately \$4,500,000,000. As to this, Associated Press accounts from Washington on Sept. 2 said:

Senator George said that if his calculations of a \$4,500,000,000 yield proved correct, Federal revenues would approach \$15,000,000,000 next year.

Although several controversial items may develop considerable Senate debate, Senator George appeared optimistic that the revenue measure would be approved by next Saturday night (Sept. 6). He said that if the bill—carrying \$456,400,000 more than the Treasury-estimated House total—were passed in substantially its present form there would be little difficulty in adjusting Senate changes when a joint conference committee considers the measure. Senator George said that he hoped the conference group, composed of members of the Senate and House taxing committees, could begin its work a week from today.

An item bearing on the Senate Committee's action on the bill appeared in our issue of Aug. 30 page 1208. Senate debate on the bill began yesterday (Sept. 3). It was opened by Senator George who asserted that all must demonstrate "grim patience and high patriotism" in bearing new tax burdens. The Associated Press indicating this likewise reported in part:

Telling the Senate that it was in the national interest that tax burdens on all groups of taxpayers should be increased, Senator George added that Congress still should not seek by taxation "to paralyze the driving force of individual effort and initiative."

Senator LaFollette said in his [minority] report that the pending bill was "inadequate, inequitable and in my opinion indefensible."

"The bill," he said "is a hodge-podge of inconsistencies, with no underlying principle of taxation whatsoever, except that like many previous tax bills it 'plucks the goose that squawks the least.' Unfortunately the small individual taxpayer who will dig deep into his pockets to pay these bills has not made himself heard."

He said that the "proposed patchwork" would not solve Federal fiscal problems. "It is my firm conviction," he added, "that the pending bill, which makes an intolerable tax structure infinitely worse, should be rejected and a thoroughgoing revision of the tax structure based upon the sound principle of ability to pay should be immediately undertaken."

On Aug. 30 it was reported that the Senate Committee, while generally approving the bill on Aug. 29, arranged to study its wording for possible technical corrections on Sept. 2. Under date of Sept. 2 Associated Press advices from Washington stated:

Senator LaFollette, a member of the [Senate] committee, told reporters that he would file a minority report criticizing the measure. Mr. George announced that Senator Clark, Democrat, of Missouri, reserved the right to file a minority report in opposition to the committee's decision to broaden the income tax base by lowering personal income deductions from \$2,000

to \$1,500 for married persons and from \$800 to \$750 for single individuals.

Senator Connally reserved the right to report in opposition to a committee amendment prohibiting husbands and wives in the so-called community property States from dividing income in an effort to lower their taxes.

Topping the list of Senate committee changes was an amendment to cut from \$2,000 to \$1,500 the income exemption for married persons and from \$800 to \$750 the exemption for single persons. The change would raise approximately \$300,000,000 annually and would require 6,000,000 additional persons to file income tax returns.

Other controversial points were:

The provision eliminating the right of husbands and wives in the eight community property States—Louisiana, Texas, Arizona, New Mexico, California, Idaho, Washington and Nevada—to split incomes in filing their returns, a procedure which means lower taxes in many instances; and

The provision sharply increasing the excise levies on some manufactured articles.

Still another potential time consumer was the proposal by Senator Downey, Democrat, of California, to write into the tax measure a \$30-a-month pension for persons over 60, starting in 1944. The committee refused to incorporate this in the bill, but Senator Downey threatens to raise it on the floor.

Senator Nye, (Republican) of North Dakota, declared on Sept. 1 that the bill was "just the beginning," United Press Washington accounts, authority for this, added:

Senator Nye said that he would offer an amendment to the bill to add a 15% "lend-lease tax." The tax would apply after the total income tax is computed. Revenue accruing from such a tax would be used to reduce lend-lease obligations.

From United Press advices from Washington, Aug. 29 we take the following:

The Committee today adopted a provision calling for a \$1,000 fine for persons who claim in advertising that they absorbed taxes imposed by the bill instead of passing them on the consumer.

It also voted to exempt from the admissions tax civic concerts where no profit goes to stockholders. It previously had exempted agricultural fairs from the levy.

It also advanced from September 15 to October 15 the deadline for the budget bureau to furnish information on where Federal economies can be effected.

Individual income tax exemptions are lowered; surtaxes range from 6% on the first \$2,000 of taxable income upward to 77% on taxable income over \$5,000,000. The existing 4% normal tax rate is retained, and individuals still may claim the 10% earned income credit. The credit for dependents is left at \$400 a year.

A special step to aid the millions of low-bracket income taxpayers was adoption of a plan whereby persons earning less than \$3,000 a year may deter-

mine how much they owe from simple, standardized charts prepared by the treasury.

The special overall 10% defense tax provided under the 1941 revenue bill would be incorporated with the surtaxes.

Corporate income taxes—The special 10% tax would be merged with other taxes here, too. Tax rates for smaller corporations—whose earnings are less than \$25,000 a year—would be increased slightly, with the rates starting at 14% on the first \$5,000 of income. Larger corporations will pay the same 24% normal tax. A new corporate surtax of six per cent on less than \$25,000 income and seven per cent on larger income is provided.

Excess profits tax—Despite treasury opposition to the average earnings method of computing excess profits taxes, it is retained.

Excess profit tax rates would be boosted by 10 percentage points all along the line—i. e., the tax would be 35% on the first \$20,000 of income subject to the excess profits tax instead of 25% as now provided, and on up.

Estate and gift taxes—The existing \$40,000 exemption is continued but rates are increased slightly. They now start at 2% but under the bill would start at 3%.

Excise taxes—Numerous excise or "nuisance" taxes are made permanent others are increased and new ones are added. Automobiles will be subject to a 7% tax instead of the present 3½%, and motorists also will pay an annual \$5 "use tax" as will motorboat owners. Admission taxes are raised slightly.

The adoption of the bill by the House was noted in these columns Aug. 9, page 769.

## Says Bidding Rule Fosters Free Enterprise

(Continued from Page 24)

issued pursuant to Rule U-50," Mr. Healy declared, "an officer of one of the large underwriters testified that:

"\* \* \* On business where we in the past have headed a group on a negotiated basis, we are going to form a group to bid, and we are going to start to form that group by approaching those who were associated with us on the negotiated basis."

"It is to be expected that this policy will generally be followed in the industry. It appears further to be the inclination on the major members of such traditional groups to accept the invitations so proffered, provided they receive satisfactory participations. Other bankers expressed the view that, other things being equal, they would prefer to accept the invitation of that group which was led by the bankers who had been the historical bankers. \* \* \* for the reason that \* \* \* they would know more about the situation."

"At the present time, therefore, the traditional banker has some advantage over others in organizing a group to bid competitively. This is so not only because of the tendency of the larger participants to adhere to the historical group, and the inclination of others to join in the group headed by the 'informed' banker, but also because the traditional banker is likely to know of the intended issue somewhat sooner than others and can therefore start forming his group before others can decide what course to take. It is not unlikely, however, that as time passes these advantages will tend to disappear as the ties between issuers and their traditional bankers are broken by

(Continued on Page 27)

## Daily Average Crude Oil Production for Week Ended Aug. 30, 1941, Continues Higher

The American Petroleum Institute estimates that the daily average crude oil production for the week ended Aug. 30, 1941, was 4,004,700 barrels. This was a new high mark (the third one in three consecutive weeks) and a gain of 29,250 barrels from the output of the preceding week (the previous all-time high record.)

The current week's figures were above the 3,940,000 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during August. Daily average production for the four weeks ended Aug. 30, 1941, is estimated at 3,961,350 barrels. The daily average output for the week ended Aug. 31, 1940, totaled 3,501,350 barrels. Further details as reported by the Institute follows:

Imports of petroleum for domestic use and receipts in bond at principal United States ports, for the week ended Aug. 30, totaled 1,450,000 barrels, a daily average of 207,143 barrels, compared with a daily average of 244,714 barrels for the week ended August 23, and 221,429 barrels daily for the four weeks ended Aug. 30. These figures include all oil imported, whether bonded or for domestic use, but it is impossible to make the separation in weekly statistics.

Receipts of California Oil at Atlantic Coast ports during the week ended Aug. 30, totaled 138,000 barrels, a daily average of 19,714 barrels, all of which was Gasoline; 74,000 barrels having been received at New York and 64,000 barrels at Philadelphia.

Reports received from refining companies owning 86.3% of the 4,538,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 4,070,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 81,672,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,292,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

|                                 | B. of M.<br>Calculated<br>Requirements<br>(August) | State<br>Allocations | Actual Production                |                                    |                                     |                                  |
|---------------------------------|--|----------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------------|
|                                 |  |                      | Week<br>Ended<br>Aug. 30<br>1941 | Change<br>from<br>Previous<br>Week | 4 Weeks<br>Ended<br>Aug. 30<br>1941 | Week<br>Ended<br>Aug. 31<br>1940 |
| Oklahoma                        | 492,400  | 415,000              | 1427,650                         | + 250                              | 421,800                             | 420,550                          |
| Kansas                          | 240,800  | 242,800              | 1254,300                         | - 250                              | 246,200                             | 176,900                          |
| Nebraska                        | 4,400  |                      | 17,350                           |                                    | 6,300                               | 150                              |
| Panhandle Texas                 |  |                      | 80,300                           | + 5,300                            | 78,050                              | 65,000                           |
| North Texas                     |  |                      | 100,600                          | + 200                              | 100,400                             | 95,250                           |
| West Central Texas              |  |                      | 30,700                           | + 50                               | 30,750                              | 28,950                           |
| West Texas                      |  |                      | 274,350                          | + 1,200                            | 272,900                             | 195,900                          |
| East Central Texas              |  |                      | 84,950                           | + 300                              | 84,200                              | 72,100                           |
| East Texas                      |  |                      | 369,550                          | - 50                               | 369,750                             | 374,900                          |
| Southwest Texas                 |  |                      | 219,200                          | + 450                              | 218,800                             | 183,350                          |
| Coastal Texas                   |  |                      | 289,650                          | + 400                              | 288,300                             | 189,500                          |
| <b>Total Texas</b>              | <b>1,361,000</b>                                   | <b>\$1,404,655</b>   | <b>1,449,300</b>                 | <b>+ 7,900</b>                     | <b>1,444,050</b>                    | <b>1,205,050</b>                 |
| North Louisiana                 |  |                      | 79,900                           | + 1,600                            | 77,550                              | 64,600                           |
| Coastal Louisiana               |  |                      | 254,000                          | + 5,000                            | 249,050                             | 210,300                          |
| <b>Total Louisiana</b>          | <b>324,500</b>                                     | <b>325,081</b>       | <b>333,900</b>                   | <b>+ 6,600</b>                     | <b>326,600</b>                      | <b>274,900</b>                   |
| Arkansas                        | 80,700   | 74,428               | 74,650                           | + 300                              | 74,200                              | 73,750                           |
| Mississippi                     | 25,200   |                      | 150,600                          | + 2,600                            | 49,000                              | 21,800                           |
| Illinois                        | 390,100  |                      | 391,100                          | + 5,500                            | 374,800                             | 377,800                          |
| Indiana                         | 22,100   |                      | 120,250                          | - 750                              | 20,050                              | 18,450                           |
| Eastern (not incl. Ill. & Ind.) |  |                      | 98,900                           | + 4,350                            | 91,100                              | 88,850                           |
| Michigan                        | 35,000   |                      | 47,250                           | + 5,250                            | 43,500                              | 53,350                           |
| Wyoming                         | 85,000   |                      | 84,750                           | + 1,550                            | 83,600                              | 72,150                           |
| Montana                         | 20,000   |                      | 20,350                           | + 50                               | 20,350                              | 17,450                           |
| Colorado                        | 4,400  |                      | 3,900                            | - 500                              | 3,500                               | 3,500                            |
| New Mexico                      | 112,900  | 112,900              | 113,800                          | + 100                              | 111,750                             | 100,700                          |
| <b>Total East of Calif.</b>     | <b>3,299,000</b>                                   |                      | <b>3,374,300</b>                 | <b>+ 33,450</b>                    | <b>3,317,700</b>                    | <b>2,905,350</b>                 |
| California                      | 641,000  | 1610,000             | 630,400                          | - 4,200                            | 643,650                             | 596,000                          |
| <b>Total United States</b>      | <b>3,940,000</b>                                   |                      | <b>4,004,700</b>                 | <b>+ 29,250</b>                    | <b>3,961,350</b>                    | <b>3,501,350</b>                 |

\*These are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of August. As requirements may be supplied either from stocks, or from new production, contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude oil to be produced.

†Okla., Kans., Neb., Miss. and Ind. figures are for week ended 7 a. m. August 27th. This is the net basic 31-day allowable as of August 1st but experience indicates that it will increase as new wells are completed, and if any upward revisions are made, Panhandle shutdown days are August 3, 10, 17, 24 and 31st; with a few exceptions, the rest of the state was ordered shut down on August 2, 3, 9, 10, 16, 17, 23, 24, 30 and 31st.

†Recommendation of Conservation Committee of California Oil Producers. NOTE—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

## CRUDE RUNS TO STILL, PRODUCTION OF GASOLINE AND STOCKS OF FINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED AUG. 30, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

| District           | Po-<br>tential | P. C.<br>Re-<br>served | Daily<br>Refin-<br>ing Capacity | Crude Runs<br>to Still | Gasoline<br>Produced<br>at Re-<br>fineries | Stocks<br>of Re-<br>fineries | Gas<br>Produced | Stocks<br>of Gas | Stocks<br>of Re-<br>fineries | Stocks<br>of Gas |
|--------------------|----------------|------------------------|---------------------------------|------------------------|--|------------------------------|-----------------|------------------|------------------------------|------------------|
|                    |                |                        |                                 |                        |  |                              |                 |                  |                              |                  |
| East Coast         | 673            | 100.0                  | 644                             | 95.7                   | 1,654                                      | 20,261                       | 15,296          | 9,127            | E. Coast                     |                  |
| Appalachian        | 169            | 83.8                   | 133                             | 95.7                   | 437  | 3,070                        | 533             | 634              |                              | 703              |
| Mid. & Ky.         | 799            | 84.4                   | 637                             | 100.3                  | 2,497                                      | 14,438                       | 5,207           | 4,382            |                              |                  |
| Okla., Kans., Mo.  | 413            | 80.7                   | 309                             | 92.8                   | 1,242                                      | 6,672                        | 1,951           | 2,052            | Interior                     |                  |
| Indiana & Ill.     | 203            | 63.2                   | 143                             | 94.2                   | 603  | 2,243                        | 442             | 1,320            |                              | 1,325            |
| Texas Gulf         | 1,097          | 91.0                   | 963                             | 96.4                   | 3,099                                      | 11,148                       | 6,413           | 8,107            | G. C. St.                    |                  |
| Louisiana Gulf     | 156            | 94.2                   | 155                             | 104.7                  | 337  | 3,128                        | 1,539           | 1,765            |                              | 3,142            |
| No. La. & Arkansas | 95             | 49.9                   | 51                              | 108.5                  | 158  | 378                          | 330             | 411              |                              |                  |
| Rocky Mountain     | 136            | 50.1                   | 55                              | 80.3                   | 252  | 1,050                        | 127             | 427              | Calif.                       |                  |
| California         | 787            | 90.9                   | 616                             | 86.2                   | 1,623                                      | 13,734                       | 12,443          | 65,472           |                              | 1,733            |
| Reported           |                |                        | 86.4                            | 3,716                  | 94.7                                       | 11,932                       | 76,122          | 44,251           | 93,552                       | 6,903            |
| Est. Unreported    |                |                        |                                 | 354                    |  | 1,330                        | 5,550           | 1,100            | 1,500                        | 365              |
| Est. tot. U. S.    |                |                        |                                 |                        |  |                              |                 |                  |                              |                  |
| Aug. 30, 1941      |                |                        | 4,538                           |                        | 4,070                                      | 13,292                       | 81,672          | 45,351           | 95,032                       | 7,268            |
| Aug. 23, 1941      |                |                        | 4,538                           |                        | 3,975                                      | 13,220                       | 82,566          | 44,282           | 94,308                       | 7,192            |
| U. S. B. of M.     |                |                        |                                 |                        |  |                              |                 |                  |                              |                  |
| Aug. 30, 1940      |                |                        |                                 |                        | 3,508                                      | 11,148                       | 84,047          | 44,678           | 107,155                      | 5,760            |

\*Estimated, Bureau of Mines basis. \*At refineries, bulk terminals, in transit and in pipe lines. †Included in finished and unfinished gasoline total. ‡Aug. 1940, daily average. †This is a week's production based on the U. S. Bureau of Mines' daily average. ‡Finished, 73,746,000 bbl.; unfinished, 7,926,000 bbl.



## The Speech That Was Not Made

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in Hitler's domain, if the assumption is made that such things can be measured simply in hours worked per week, wages received and the like. To shout to high heaven that should Der Fuehrer conquer and enslave this country he would abolish forty-hour weeks and do a good many other things which would not please the wage earner here, is, after all, rather flimsy and cheap pseudo oratory. It is cheap to add that precisely this is the intention of that former house painter. Such assertions can neither be proved or disproved—never mind what Mein Kampf may have to say on the subject or what the opinions of war-minded gentlemen formerly residing in Germany. To add that he may well succeed in such designs if we do not make more strenuous efforts than we have been making places too great a strain upon credulity no matter how the story is told.

But all this leaves the real story wholly untold. One would suppose from all the Labor Day oratory that we have found a solution of what is often termed the labor problem, that we had been able to banish from this country all those evils that Nazism claims to have eliminated from their domains. Nothing, however, could be further from the truth. If the cold truth be told, we are about as far from having remedied the situation as has Hitler or Mussolini, or, for that matter, Stalin. Indeed it is conceivable that we are further from that goal than is Germany at least. Both are far enough, however, in any event. It would be going too far, perhaps, to say that Fascism and Bolshevism both represent an effort to find a solution of the labor problem, and that Nazism, while embodying other goals, particularly objectives inspired by the Treaty of Versailles, likewise in substantial part is likewise one answer, if not a convincing one, to the labor problem, but such an assertion would not be very wide of the mark. We do not like such solutions, and we are of course well warranted in not liking them, but have we made any very substantial progress in the matter ourselves?

### Historical Perspective

This whole subject will be best understood if considered in its historical perspective. What is known as the problem of labor relations emerges from the dim reaches of history, from the time when the world was composed of master and slaves, passes through those eras when property was owned not by him who created it or even inherited from those who created it so much as from those who seized by violence. Slaves became serfs, then free men, but largely without property and without much voice in the management of public affairs. Customs, laws, traditions, and the inertia of the masses made exploitation possible, and it was perhaps the rule rather than the exception. Slowly these masses liberated themselves politically speaking, and in more than a single instance have taken the reigns of government in their own hands. By organized effort they have attained a somewhat more "independent" position economically; they have acquired "the dignity to which they are entitled." But have they acquired a relatively more independent and secure existence, economically speaking? The question is certainly an open one, except so far as avoidance of exploitation is concerned. Such improvement of their economic status as has occurred certainly could never have been achieved had it not been for the work of those who employ them, accomplishments almost wholly independent of the wage earner, one might say with substantial truth, in spite of him. Such is the status today whether one turns his eyes to the United States of America or elsewhere.

The menace of Bolshevism, Fascism or of Nazism to the wage earner in other countries, this one included, is not in the danger that the armed forces of these distant lands are likely presently to land upon our shore and oblige the worker, along with the rest of us, to accept him as lord and master. It lies rather in the fact that it is to such plausibly presented solutions that unthinking and frail human beings turn in despair when they have made a mess of managing their own affairs, and we here in the United States have shown in recent years a most lamentable weakness to act precisely as other people in other countries have acted in the past in this respect. In Russia long years, even centuries of tyranny, exploitation, inefficiency, and persecution finally resulted not only in rebellion of the persecuted and the exploited, but in seizure by the victims of the reigns of government and acceptance by them of responsibility to set the country in order—a responsibility, incidentally, which not all those who complain have been willing to assume. Compared with the chaos of 1917 or 1918 conditions in Russia are doubtless greatly improved, and the achievements of the nation since attacked by the German legions strongly suggests greater accomplishments prior to that time than had been commonly supposed to exist, but no one is likely

to suppose that a new heaven and a new earth have come into existence under Lenin and Stalin. The average American workman would still have found it in early 1941 a most "backward" country.

In Italy and Germany "democracy" failed, failed not so much politically, and certainly not by reason of any neglect of social reform and or labor legislation, but failed by reason of the fact that these nations were unable under the newer regime to do their share of the work of the world. The result has been first Fascism and then Nazism. The latter has found a way to get things done, but, of course, has made several serious blunders. One of them is found in its perverted delight in turning the energies of its people to the production of instruments of destruction and to the employment of them for that purpose. Another almost as fatal error consists of the fact that in achieving production it has for the time being at least crushed the human spirit and sacrificed much that the human being will not very long do without, and thus has built its magnificent house upon the sands. In France those who had been exploited, or thought they had, took so much pains to exhibit their dignity and to be certain that they were no longer exploited that the country became economically and in a military sense helpless. The plane of living suffered, and when the test came the alleged exploiter and the allegedly exploited both fell victims to Nazi efficiency and production. England, always flexible and easy going, yielded to labor's demands again and again, found itself sliding deeper and deeper into the economic quagmire, and when the crisis came, discovered that it not only had not been producing but had very nearly lost the art of doing so.

### In This Country, Too

Here in the United States we have had similar influences at work, strongly at work since 1932. We have been so much engaged in seeing to it that what was produced was distributed more to the liking of the masses, so much engrossed in efforts to make certain that there would be no exploitation, so enamored of various panaceas from which millenniums are promised that only the utmost ingenuity and energy of industrial managers and of applied science has saved us from economic chaos—and it is by no means clear that all this can very much longer save us. An indefinite continuation of present policies in these matters can have only one result regardless of war or rumors of war. That result is a progressive worsening of our economic status until presently we shall in desperation do much what other countries have done, select a dictator to solve problems which have manifestly been too much for us—unless meanwhile somehow we come to our collective senses and place at least as much emphasis, not in our governmental affairs or through governmental agencies, but in our daily lives, upon continuous, efficient production of the good things of life as upon their division among the various groups after they are produced, and more emphasis upon good, hard, painstaking work than upon avoidance of it.

There always has been, there is now, and there always will be so long as private enterprise continues, a legitimate field of competition between those who undertake business ventures and those employed in their execution. It, of course, concerns the division of the products of the joint endeavor. There is and there can be no complaint about the fact. It may likewise be conceded that as over against the modern, large corporation the individual, alone and unassociated with his fellow workers is at a disadvantage. The stubborn fact, however, remains that both entrepreneur and employee are dependent for their economic welfare upon the effectiveness and the efficiency of the production process and the plain fact remains that labor unions, in this country at all events, have never been willing to give more than lip service at most to this essential fact. Indeed it is much more often that they formally or informally, with plain intent or otherwise, act to limit the effectiveness and the efficiency with which goods are created for their own and their employers use. So long as organized labor takes the formal position that production is the responsibility of management, and the informal and often denied (but actual nonetheless) attitude that management must solve production problems not only without its aid but despite its restrictions and hindrances, economic progress must be severely limited no matter how much the record may show of "benefits" achieved by the labor leaders for their followers.

What is much more serious is the fact that at the instigation and under the guidance of professional reformers and cunning politicians, labor is moving steadily toward something approaching union monopoly of work in this country. Heretofore, large elements of unorganized workers in most industries tended definitely to hold the unions in check. The time now appears to be approaching when he who un-

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## Says Bidding Rule Fosters Free Enterprise

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the force of competitive bidding.

"The syndicates that were organized to bid on the first three issues offered under Rule U-50 were quite large. The three syndicates that bid on the securities of New York State Electric and Gas Corp. consisted of 44, 50 and 81 members, respectively. Similarly, the two syndicates which bid on the Philadelphia Company securities had 31 and 91 members, respectively. Despite this experience several bankers expressed the view that as time goes on the groups will tend to be smaller in size on account of the tendency of bankers to demand larger participations in competitive syndicates than they were accustomed to receive in negotiated underwritings in order to make up for those issues lost.

"It is the view of others, however, that, while there may be a tendency to the formation of smaller groups, there is a reasonable probability that the pressures will be such that the bidders for each issue will include at least one large group composed of bankers who were excluded from the other syndicates."

Robert H. O'Brien, new Director of the Public Utilities Division of the SEC also addressed the St. Paul convention, discussing the progress in the simplification of holding company systems. Basil Manly, a member of the Federal Power Commission, was a speaker at the Aug. 26 session of the National Association of Railroad and Utilities Commissioners. From St. Paul special advices to the New York "Times" reported him as saying that increased profits of public utilities resulting from capacity production during the national emergency should be used as a "rainy day" stake by being added to inadequate depreciation reserves.

He also told the Commissioners that in his opinion the executives of American utilities did not "desire or expect" to earn excess profits from meeting the demands for power arising out of the national defense program.

He added, according to the "Times" advices:

"With rare exceptions they have cooperated wholeheartedly with the government in meeting defense demands and in those cases where efforts may be made to convert the nation's power requirements into additional dollars of excess profits, the regulatory processes of the State and Federal Commission should be, and will be, exerted effectively to restrain them."

In the St. Paul "Pioneer Press" it was stated that the delegates adopted a resolution opposing a proposal empowering the Interstate Commerce commission to prescribe sizes and weights of trucks operating in interstate commerce.

Another resolution adopted empowers the President of the association to appoint a committee to investigate conditions faced by public utilities as a result of the defense program.

J. D. James, Missouri public utilities Commissioner, was elected President of the National Association of Railroad and Public Securities Commissioners and Col. Frank W. Matson of St. Paul, Chairman of the Minnesota Railroad and Warehouse Commission, was elected first Vice-President of the Association; other officers elected were Wade O. Martin, chairman of the Louisiana Public Service commission, second vice president; Ben Smart, Washington, D. C., reelected Secretary; and John C. Benton, also of Washington, General Solicitor. York City, ceased as of August



## Statistics For Crude Petroleum And Refined Petroleum Products During Month of June 1941

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about 40% ahead of last year but stocks are also nearly that much higher.

According to the Bureau of Labor Statistics, the price index for petroleum products in June 1941 was 59.9, compared with 55.3 in May 1941, and 50.0 in June 1940.

The crude-oil capacity represented by data in this report was 4,392,000 barrels, hence the operating ratio was 88%, compared with 88% in May and 84% in June 1940.

### SUPPLY AND DEMAND OF ALL OILS (Thousands of barrels)

|                                     | June 1941 | May 1941 | June 1940 | January-June 1941 | January-June 1940 |
|-------------------------------------|-----------|----------|-----------|-------------------|-------------------|
| <b>New Supply—</b>                  |           |          |           |                   |                   |
| Domestic production:                |           |          |           |                   |                   |
| Crude petroleum:                    | 115,027   | 116,976  | 111,690   | 667,338           | 687,901           |
| Daily average:                      | 3,834     | 3,773    | 3,723     | 3,687             | 3,780             |
| Natural gasoline:                   | 5,035     | 5,181    | 4,401     | 29,621            | 26,341            |
| Benzol:                             | 274       | 288      | 263       | 1,749             | 1,478             |
| Total production:                   | 120,396   | 122,445  | 116,354   | 698,708           | 715,720           |
| Daily average:                      | 4,013     | 3,950    | 3,878     | 3,860             | 3,933             |
| Imports:                            |           |          |           |                   |                   |
| Crude petroleum: For domestic use:  | 4,332     | 3,866    | 3,488     | 21,800            | 17,352            |
| In bond:                            |           |          |           | 200               | 790               |
| Refined products: for domestic use: | 1,850     | 1,500    | 2,056     | 14,193            | 12,400            |
| In bond:                            | 744       | 1,633    | 942       | 7,167             | 8,116             |
| Total new supply, all oils:         | 127,322   | 129,494  | 123,040   | 742,082           | 754,378           |
| Daily average:                      | 4,244     | 4,177    | 4,101     | 4,100             | 4,145             |
| Decrease in stocks, all oils:       | 3,125     | 1,134    | 12,416    | 11,456            | 441,440           |
| <b>Demand—</b>                      |           |          |           |                   |                   |
| Total demand:                       | 130,447   | 130,628  | 120,624   | 753,539           | 712,938           |
| Daily average:                      | 4,348     | 4,214    | 4,021     | 4,163             | 3,917             |
| <b>Exports:</b>                     |           |          |           |                   |                   |
| Crude petroleum:                    | 3,934     | 4,339    | 5,692     | 15,793            | 26,415            |
| Refined products:                   | 5,217     | 5,473    | 8,516     | 30,458            | 43,716            |
| <b>Domestic demand:</b>             |           |          |           |                   |                   |
| Motor fuel:                         | 58,413    | 59,325   | 55,453    | 308,834           | 278,622           |
| Kerosene:                           | 3,918     | 4,501    | 3,952     | 35,042            | 35,048            |
| Distillate fuel oil:                | 10,842    | 11,074   | 7,028     | 92,626            | 84,887            |
| Residual fuel oil:                  | 29,200    | 30,372   | 25,048    | 188,014           | 169,057           |
| Lubricating oil:                    | 3,171     | 2,732    | 2,146     | 15,043            | 11,806            |
| Wax:                                | 166       | 144      | 78        | 866               | 525               |
| Asphalt:                            | 580       | 597      | 509       | 3,751             | 3,347             |
| Road oil:                           | 4,105     | 3,011    | 3,137     | 13,176            | 10,389            |
| Still gas:                          | 1,356     | 770      | 1,275     | 2,873             | 2,387             |
| Miscellaneous:                      | 6,759     | 7,059    | 6,418     | 36,821            | 35,837            |
| Losses:                             | 2,487     | 812      | 1,159     | 8,845             | 10,022            |
| Total domestic demand:              | 121,296   | 120,816  | 108,416   | 707,287           | 642,807           |
| Daily average:                      | 4,043     | 3,877    | 3,547     | 3,908             | 3,532             |
| <b>Stocks—</b>                      |           |          |           |                   |                   |
| Crude petroleum:                    |           |          |           |                   |                   |
| Refinable in U. S.:                 | 259,075   | 262,111  | 261,971   | 259,075           | 261,971           |
| Heavy in California:                | 10,711    | 11,241   | 13,334    | 10,711            | 13,334            |
| Natural gasoline:                   | 6,235     | 5,856    | 7,000     | 6,235             | 7,000             |
| Refined products:                   | 276,477   | 276,415  | 283,905   | 276,477           | 283,905           |
| Total, all oils:                    | 552,498   | 555,623  | 566,210   | 552,498           | 566,210           |
| Daily supply:                       | 127       | 132      | 141       | 133               | 145               |

a Revised. b From Coal Economics Division. c Imports of crude as reported to Bureau of Mines; all other imports and exports from Bureau of the Census. d Increase.

### PRODUCTION OF CRUDE PETROLEUM BY STATES AND PRINCIPAL FIELDS (Thousands of barrels)

|                             | June 1941        | May 1941         | June 1940 | January-June 1941 | January-June 1940 |
|-----------------------------|------------------|------------------|-----------|-------------------|-------------------|
| <b>Total</b>                | <b>Daily av.</b> | <b>Daily av.</b> |           |                   |                   |
| Arkansas:                   | 2,163            | 72.1             | 72.1      | 2,119             | 12,846            |
| California—Kettleman Hills: | 1,152            | 38.4             | 38.5      | 1,407             | 7,020             |
| Long Beach:                 | 1,233            | 41.3             | 41.5      | 1,323             | 7,563             |
| Wilmington:                 | 2,491            | 83.0             | 82.5      | 2,534             | 14,895            |
| Rest of State:              | 14,286           | 476.2            | 460.7     | 13,260            | 82,371            |
| Total California:           | 19,168           | 638.9            | 623.2     | 18,524            | 111,849           |
| Colorado:                   | 153              | 5.1              | 4.9       | 121               | 781               |
| Illinois:                   | 10,405           | 346.8            | 338.7     | 15,194            | 60,954            |
| Indiana:                    | 530              | 17.7             | 17.6      | 347               | 3,376             |
| Kansas:                     | 6,908            | 230.3            | 210.2     | 5,343             | 37,612            |
| Kentucky:                   | 905              | 12.8             | 13.0      | 419               | 2,420             |
| Louisiana—Gulf Coast:       | 7,578            | 252.6            | 246.0     | 6,629             | 42,735            |
| Rodessa:                    | 434              | 14.5             | 14.6      | 568               | 3,681             |
| Rest of State:              | 1,684            | 56.1             | 53.9      | 1,462             | 9,844             |
| Total Louisiana:            | 9,696            | 323.2            | 314.5     | 8,659             | 55,325            |
| Michigan:                   | 1,169            | 38.9             | 36.8      | 1,614             | 6,964             |
| Mississippi:                | 853              | 28.6             | 29.1      | 317               | 4,240             |
| Montana:                    | 617              | 20.6             | 19.7      | 613               | 3,575             |
| New Mexico:                 | 3,272            | 109.1            | 108.7     | 3,094             | 19,127            |
| New York:                   | 422              | 14.1             | 14.0      | 402               | 2,499             |
| Ohio:                       | 284              | 9.5              | 9.2       | 260               | 1,616             |
| Oklahoma—Oklahoma City:     | 2,809            | 93.6             | 92.3      | 3,199             | 17,144            |
| Seminole:                   | 3,178            | 105.9            | 103.0     | 3,358             | 18,664            |
| Rest of State:              | 6,664            | 222.2            | 220.3     | 6,195             | 40,067            |
| Total Oklahoma:             | 12,651           | 421.7            | 415.6     | 12,752            | 75,875            |
| Pennsylvania:               | 1,345            | 44.8             | 45.4      | 1,335             | 8,117             |
| Texas—Gulf Coast:           | 11,388           | 379.6            | 377.5     | 9,914             | 64,107            |
| West Texas:                 | 7,715            | 257.2            | 254.4     | 6,583             | 42,866            |
| East Texas:                 | 10,924           | 364.1            | 367.9     | 10,549            | 65,741            |
| Panhandle:                  | 2,302            | 76.8             | 75.9      | 1,766             | 13,026            |
| Rodessa:                    | 400              | 13.3             | 13.5      | 518               | 2,595             |
| Rest of State:              | 9,381            | 312.7            | 311.1     | 8,848             | 54,865            |
| Total Texas:                | 42,110           | 1,403.3          | 1,400.3   | 38,178            | 243,220           |
| West Virginia:              | 280              | 9.3              | 9.4       | 276               | 1,681             |
| Wyoming—Lance Creek:        | 799              | 26.6             | 27.2      | 776               | 4,768             |
| Salt Creek:                 | 427              | 14.2             | 14.0      | 416               | 2,559             |
| Rest of State:              | 1,246            | 41.6             | 45.4      | 918               | 7,261             |
| Total Wyoming:              | 2,472            | 82.4             | 86.6      | 2,110             | 14,588            |
| Other:                      | 139              | 4.6              | 4.4       | 13                | 673               |
| Total United States:        | 115,027          | 3,834.2          | 3,773.4   | 111,690           | 667,338           |

a Includes Missouri (4), Nebraska (134), Tennessee (1), and Utah (—) in June 1941.

## Uninterrupted Production Of Defense Weapons Is Demanded By President In Statement

President Roosevelt, in a Labor Day statement made public at the White House on Aug. 30, asserted that labor and management "realize now and I am sure will continue to realize that there must be full and uninterrupted production" of the weapons and materials needed for national defense and for the nations resisting aggression. Pointing out

that Labor Day this year "should serve to make crystal clear to all Americans and to all the world the blessings of a democracy and to emphasize its freedoms", the President urged that we "thank God today for these blessings and freedoms and for the great economic and social gains we have made in the last eight years". He also called for a new resolve that "as a united and determined people we shall defend our democracy to the utmost, with no labor and no sacrifice too great, so that liberty and the heritages we hold dear shall thrive and spread for the good of the peoples of the earth."

The text of President Roosevelt's message was as follows:

We are called upon to observe Labor Day of 1941 in a more thoughtful and serious spirit than in all of the 54-year history of the holiday established in recognition of the nation's wage-earners and their work in helping to build our country into a great democracy. The labor and sacrifice of generations of Americans have been freely given that we might keep alight the altar of democracy for all who cherish liberty and happiness and believe in freedom of worship, freedom of speech and freedom of the press.

Today we in America are faced with the great task of preserving that democracy and we, too, will offer our utmost in labor and sacrifice just as our fathers and our fathers' fathers did. Every one of us will unselfishly and unstintingly dedicate himself and herself to that cause in full measure of devotion. It is particularly fitting that we take such an occasion as Labor Day to rededicate ourselves to the task that lies ahead.

In its successful completion—and you and I know it will be successfully completed in keeping with our American heritage—we all have a part to play. Labor and management have shown and will continue to show their willingness and eagerness to serve our nation fully in the demands made upon them for the protection of the Americas and the needs of those nations whose way of life is our way of life.

They realize now and, I am sure, will continue to realize that there must be full and uninterrupted production of the weapons and materials needed for our protection and needed also by the nations engaged in opposing those who would do away with the liberty and happiness of free peoples all over the world.

This Labor Day of 1941 should serve to make crystal clear to all Americans and to all the world the blessings of a democracy and to emphasize its freedoms. Only in a democracy could there be such a day set aside to do honor to millions of workers—free men and free women in a free country. Only in a democracy could workers and their fellow-countrymen spend the day in free worship, enjoying the right to speak their minds, to read uncensored news and to hear uncensored radio programs.

Let us here in America thank God today for these blessings and freedoms and for the great economic and social gains we have made in the last eight years. And let us on this Labor Day of 1941 make anew the high resolve that not as workers alone, not as employers alone, not as farmers alone, but as a united and determined people we shall defend our democracy to the utmost, with no labor and no sacrifice too great, so that liberty and the heritages we hold dear shall thrive and spread for the good of the peoples of the earth.

## July Cash Farm Income Well Above Year Ago Skyrocketing Over Preceding Months' Total

Cash income from farm marketings and Government payments in July totaled \$902,000,000, \$194,000,000 (27%) more than in July last year, and \$104,000,000 more than the revised estimate of \$798,000,000 for June 1941, the Bureau of Agricultural Economics, U. S. Department of Agriculture, reported on August 26. In its details of the situation, the Bureau says:

Returns both from crops and from livestock and livestock products in July this year were sharply higher than a year earlier, even though a much smaller than usual proportion of the wheat crop was sold or placed under loan. The increase in returns from crops resulted largely from increased marketings of corn, fruits, and vegetables and the redemption of cotton formerly placed under loan, whereas returns from all groups of livestock and livestock products were sharply higher than a year earlier. Government payments in July amounted to only \$15,000,000 compared with \$35,000,000 in July last year and \$25,000,000 in June.

For the first 7 months of 1941 cash income from farm marketings and Government payments totaled \$5,242,000,000 compared with \$4,532,000,000 in the corresponding period of last year. Income from marketings of \$4,899,000,000 was \$812,000,000 (20%) higher than in the corresponding period of 1940, but Government payments so far in 1941 have totaled only \$343,000,000 compared with \$445,000,000 a year earlier. The greatest increases in income from marketings have been in the returns from cotton and cottonseed, meat animals, dairy products, and poultry, but returns from all groups of commodities except grains and tobacco have totaled larger than a year earlier.

The increase in income from June to July was slightly larger than usual. After adjustment for the seasonal variation in income from the different products, in-

come in July was 99.0% of the 1924-29 average compared with 96.0 in June and 71.0 in July last year. Although marketings of grains were restricted somewhat in July by the small movement of wheat, the increase in income from grains from June to July was greater than usual. Income from fruits and meat animals also increased more than usual from June to July whereas the change in income from most of the other groups was about normal for this period of the year.

During August large quantities of wheat have been placed under loan, and the movement of other crops to market has made about the usual seasonal increase. Prices received by farmers apparently increased from mid-July to mid-August. Higher prices and a normal movement of farm products to market probably will result in an increase in income of more than the usual seasonal amount from July to August. Changes in prospective supplies and prices for the principal farm products since mid-June, when it was estimated that total cash farm income from farm marketings for 1941 would amount to about \$10,000,000,000, have been about as expected and the present estimate of cash income from farm marketings for the present calendar year is unchanged from that made in June.

Government payments are expected to increase substantially in the next few months, and for the rest of this calendar year probably will equal or exceed slightly those of the same period in 1940.

## The Speech That Was Not Made

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dertakes an economic venture must accept union dictated terms or remain inactive. If the unions are already exhibiting the infirmities now commonly observed, what will their attitude be when they no longer have to trouble themselves about unorganized groups of workers? The time has evidently come when these organizations, which without question could be a powerful factor for economic advancement, gave careful reconsideration to their policies, and came to a decision to take upon themselves their due share of the responsibility for the advancement of production.

It is often said by apologists that what we are now experiencing are the "growing pains" of the "labor movement," that when labor unionism comes of age it will exhibit a wholly different set of qualities. "Tis a consummation devoutly to be wished," but a glance at the older or more "aristocratic" elements, such, for example, as the railroad brotherhoods which have been mature for many years, and incidentally enjoy a complete monopoly, scarcely prompts a feeling of great assurance on the point. Germany has for the time being at least solved this problem of productivity of labor. We do not for a moment believe it to be a desirable one, or in the least likely to be an enduring one, but candor compels the statement that we in this country, so far from having found a solution, have not even seriously tried to find one. Indeed we seem to be moving in the opposite direction. It must be solved satisfactorily, or we shall sooner or later find our cherished institutions in much more deadly danger than they are in now—or else ourselves doomed to economic decay, or, perhaps, both, quite regardless of any aggressive intentions in our direction which may be entertained by Hitler.

But nothing of all this was heard in any Labor Day address of which we can find a record.



## MOBILIZING FOR ECONOMY

(Continued from Page 19)

these departments spent another \$94,000,000 for so-called defense purposes that was not charged to their regular budgets. And every voter should understand too that these outlays have risen because Congress itself has been spending more on investigations, on beautifying the Capitol grounds, etc., and because such reform agencies as the SEC, the Federal Communications Commission, the Anti-trust division of the Department of Justice, and others, were adding lawyers and professors to their staffs which had long since been swollen to record proportions.

Turning from the regular departments, voters and taxpayers should be told that expenditures for purposes dear to the heart of all politicians and especially to Congressmen, have continued to mount despite the arms crisis. Disbursements of the Veterans Administration, for pensions and other purposes, in the first two months of the new fiscal year footed up to \$91,493,000, slightly above last year's peak totals, and the distributions handed out by the Social Security Board, for pensions, and various other aids, rose to \$96,000,000, almost 10 per cent more than in the preceding fiscal year.

The expenditures for pensions have mounted steadily, of course, because the law's benefactions naturally become available to increasing numbers of the population as it ages, and in addition Congress, and the legislatures of the 48 states have "liberalized" the original pension statutes to increase the number of recipients and the amounts each receives. But despite the skyrocketing trend of the Social Security Board's outlays, many Congressmen are still bitterly dissatisfied. A Senate Committee headed by that eminent Townsendite, Senator Downey of California, has just come out with the bald-faced proposal that every individual in the nation over 60 should receive a minimum pension of \$30 a month if they are not gainfully employed whether or not they are in need.

This committee itself estimates that its plan would saddle upon the Federal Treasury a cost of \$3,000,000,000 to \$4,000,000,000 a year, yet of the committee of seven, only one, Senator Green of Rhode Island, dissented from the brazen proposal. Naturally no justification can be advanced for the Downey scheme in view of the fact that the United States already makes the most generous provision for its aged of any nation in the world and in consideration of the need for slowing down the rapidly rising burden upon the Federal Treasury of the existing program. Nevertheless, it is all too clear that unless taxpayers mobilize effectively and quickly, they will not only be unable to slow up the rising trend of pension costs, but will actually be forced to carry heavier burdens to satisfy the Townsendites' demands, which are being pressed regardless of the danger that they might bankrupt the nation or interfere with its armament effort.

But there are other soaring Federal expenditures, which are even more difficult to justify than the rising pension costs and certainly the gigantic farm relief budget is outstanding. During the past year, Federal purchasing and price-pegging loan programs have driven the index of farm products prices some 32 per cent higher, at a time when other commodities were advancing by less than half as much. This huge jump has given the nation's producers their long-sought goal of price parity and will provide them with a farm cash income of \$10,000,000,000 this year, twenty per cent more than in 1940 and about the same or perhaps more than in 1929.

In the face of all this prosperity have the emergency relief disbursements for farmers been curtailed materially? While it's a bit difficult for any but the most expert accountants to determine the exact course of expenditures of the dozen or more emergency agricultural agencies a casual inspection of the Treasury reports indicates that agricultural relief outlays during the first two months of the new fiscal year amounted to about \$120,000,000, slightly below the \$140,000,000 for the same period in 1940. Now in view of growers' prosperity and the huge cost saddled upon consumers by the boost in farm prices, it would appear that taxpayers have the right to ask for a genuinely sharp reduction in outlays for farm relief. However, as was the case with pensions, unless taxpayers mobilize, they may have to absorb higher farm costs. Wholly unsatisfied with the terrific boost in farm prices the voracious farm bloc recently attempted to jam through a law further increasing quotations by requiring that all government stocks be kept off the market for the duration of the emergency, regardless of how high prices rose. Fortunately, President Roosevelt vetoed this outrageous grab. This step serves to remind taxpayers also that the current budget by no means reflects the total actual cost of the farm programs. Current high wheat and cotton prices are possible only because all-time record surpluses are being kept off the market under government loan. Some

## World Tin Production Drops Below Last Year

According to the current issue of the "Statistical Bulletin," published by the Tin Research Institute, London, world production of tin in July 1941, is estimated at 18,100 long tons, compared with 19,300 long tons in July 1940. Production for the first seven months of 1941 was 147,930 tons against 125,100 tons in the first seven months of 1940.

Exports from the countries signatory to the International Tin Agreement, and the position at the end of July 1941 are shown below in long tons of tin:

|                   | May   | June   | July  | End July |
|-------------------|-------|--------|-------|----------|
| Belgian Congo     | 1,254 | 4,007  | 1,845 | -2,793   |
| China             | 3,531 | 4,536  | *     | *        |
| French Indo-China | 130   | 130    | 130   | -1,583   |
| Malaya            | 8,243 | 10,243 | 4,091 | -17,056  |
| Neth. East Indies | 4,935 | 5,074  | 3,948 | +2,161   |
| Nigeria           | 1,406 | 3,803  | *     | *        |
| Thailand          | 1,075 | 1,748  | 1,103 | -6,692   |

\* Not yet available

The Institute announcement further stated:

United States deliveries totalled 12,575 tons in July 1941, against 14,880 tons in June 1941. For the first seven months of 1941, United States deliveries totalled 92,947 tons compared with 57,934 tons in the corresponding period of 1940.

World stocks of tin, including smelters' stocks and carry-over, increased by 327 tons during July 1941 to 56,302 tons at the end of the month. Stocks at the end of July 1940 amounted to 48,830 tons.

The average cash price for standard tin in London was £258.4 per ton in July, 1941, compared with £262.9 in the previous month and £265.8 in July, 1940.

The average price for Straits tin in New York was 53.66 cents per lb. in July 1941, as against 52.69 cents in June. The average price in July 1940, was 51.59 cents per lb.

## THE STATE OF TRADE

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effects of the priorities while the shift to defense work goes on.

A precipitate decline in residential construction from the high levels of previous months is anticipated by builders during September, chiefly because of increasing tightness in supplies.

Building materials suppliers report that the armed services are commandeering materials, and that private construction is being deprived of supplies. Builders expect that homes costing more than \$7,000 will be discouraged by defense officials through priorities on materials.

Latest advices from Washington state that the administration today gave defense absolutely first call on all the nation's industrial resources, and consumers were told they could expect to feel the pinch soon. Mr. Roosevelt announced that still more money would be expended for defense orders—the program already tops \$50,000,000,000—with the objective of producing still more supplies and of getting two and three shifts to work in the plants. What was inferential in Mr. Roosevelt's statement, the new super-board stated in so many words:

"Our general policy is simple," the board announced, outlining its plan of operations. "Production shall be stimulated and organized to the limit of the nation's resources."

day, however, these stocks must be liquidated, perhaps at a price that would add many millions of costs to the current expenditures for growers handouts and loans.

While the pension and farm costs are outstanding, particularly since Congressional blocs in each case are constantly pushing for further increases rather than reductions, there are numerous other examples of unjustifiable Federal expenditures. With industrial employment now well above 39,000,000, and several millions greater than in 1929, there can simply be no justification for WPA disbursements running at a \$90,000,000-a-month clip, as they have been in the past two months. With the current acute shortage of steel and building labor, taxpayers certainly are entitled to challenge Federal outlays for reclamation projects, which in the first two months of the new fiscal year were almost 20 per cent higher than in 1940, and for the same reasons they have the right to ask why expenditures for road and highways should continue to increase despite the emergency.

President Roosevelt has endorsed the Byrd economy move, and has even set an example by vetoing a highway pork barrel bill (which Congress passed over the veto) as well as his veto of the farm bloc's grab. True, in view of the New Deal's responsibility for the state of Federal finances, Mr. Roosevelt rather than Senator Byrd should have taken the leadership in the move, perhaps by pointing out just which sections of the budget could be cut.

Nevertheless, the fact that the number one New Dealer has endorsed economy, combined with the proposed bringing of new millions into the ranks of taxpayers, and the national emergency make this a most propitious time for starting an economy drive. The keynote for such a drive might well be the almost unbelievable fact that non-defense expenditures of the Treasury are now running more than \$8,000,000,000 a year or virtually double the total of all disbursements, defense, relief and regular, during the last year before the New Deal took over.

## Our Reporter On "Governments"

(Continued from First Page)

That move would slash about \$1,000,000,000 from the current total of excess reserves of member banks. . . . Or reduce them to about \$4,000,000,000. . . .

And most of the reduction would take place in New York, where surplus funds amount to only \$1,835,000,000 at the moment.

The feeling is, incidentally, that the Reserve Board will take this step in September—if that possibly can be arranged—for Eccles is now getting a serious hearing in Washington and Eccles' position on the inflation danger is one that every investor in America is well aware of. . . .

### The Market

If excess reserves are cut by \$1,000,000,000, the market is certain to react bearishly—for a time, anyway. . . . Already some selling has been based on anticipation of a requirement boost.

The sales of \$17,000,000 bonds by New York City banks in the third week of August, for instance, were attributed directly to this report by traders. . . .

And although surplus funds of \$4,000,000,000 still are tremendous—remember when they were down below the billion-dollar level?—the psychological effect of this step alone would be enough to knock down prices a point or more. . . .

Another angle is that excess reserves are unevenly divided. . . . Some banks are feeling the pinch of skyrocketing loans right now. . . . A further reduction in their surplus funds certainly would run over into their bond portfolios. . . .

Finally, the market is thin. . . . It's sensitive. . . . It's dominated by a few traders and a few large institutions. . . .

While the move is being discounted today, it seems highly unlikely that Government bonds would accept news of this kind without some reaction. . . .

### Financing Tactics

The point is, then, what about Secretary Morgenthau's September financing? . . . Would Morgenthau permit a declining market at a time when he wants to refund and borrow a few hundred millions? . . .

Offhand, the answer is "no." . . . And that leads to the conclusion that the Reserve Board's action on excess reserves will depend entirely on the Treasury's September financing plans. . . .

If Morgenthau skips the September financing date, a cut in excess reserves probably will come this month. . . . And the market may be helped by a Treasury announcement that there will be no quarterly borrowing "because of the size of tax anticipation note sales and defense savings bond subscriptions." . . .

If he doesn't dare postpone a cash borrowing to later in the Fall, the cut in excess reserves may be delayed until October or November. . . .

It's all supposition, admittedly. . . . But the point is that informed sources are becoming convinced a reserve requirement boost of some size is near. . . .

And that conviction implies a recognition of the fact that to prevent inflation, Washington authorities are resigning themselves to narrowing of the nation's credit base—to some reversal in the major policy of easy money that has been part of the Roosevelt Administration since 1933. . . .

### The Refunding

Ordinarily, postponement of the quarterly borrowing would be improbable, for Morgenthau's avowed policy is to refund Gov-

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# Our Reporter On "Governments"

(Continued from Page 29)

ernment note maturities three months prior to the due dates whenever possible. . . .

But the December 15 note maturity this time amounts to only \$204,000,000. . . . The coupon rate is only 1 1/4 per cent. . . . Delaying a refunding of this issue, therefore, wouldn't mean much. . . .

If the September borrowing is undertaken, we should expect a \$500,000,000 to \$700,000,000 cash borrowing to accompany it. . . .

## Agency Borrowing

One thing appears fairly sure (in this time of uncertainties in all policies). . . . And that is that the RFC will be back to the market soon to borrow \$300,000,000 to \$350,000,000 of new money. . . .

The British Treasury is drawing heavily on its recent RFC loan of \$425,000,000. . . . It already has taken out \$100,000,000 and is taking another \$100,000,000 soon, according to reports. . . .

The RFC, therefore, will be needing more cash in the near future. . . . And this major Government agency may enter the market for funds any time this month. . . .

As far as maturities go, the RFC hasn't a refunding on the calendar until mid-October, when it is expected to refund \$300,000,000 7 1/2% notes, due November 1. . . .

## Other Refundings

On November 1, the USHA has \$112,000,000 of 7 1/4% notes due too. . . . These may be repaid in cash, for the amount is so small. . . .

On November 15, the CCC has \$204,000,000 of 1% notes due. . . . A refunding and cash borrowing is considered likely. . . .

And that just about covers the refunding calendar until 1942. . . .

Considering the fact that Morgenthau couldn't possibly have known about the war back in the mid-30s, his division of maturities is turning out beautifully. . . .

## Dealer Opinions

Of six dealers checked:  
Four looked for lower prices over the next six weeks or so;  
Two expected a continuingly dull and fairly firm market until later in the fall;  
All except one admitted considerable concern over the long-term trend of bond prices. . . .

# Stamp Program Food List for September

The Department of Agriculture announced Aug. 27 the foods which will be nationally available during September for purchase with blue stamps by families taking part in the Food Stamp program. These foods are obtainable in local stores throughout the month of September, and are the same as those available during August. The complete list of "blue stamp foods" for the period Sept. 1 through Sept. 30 in all stamp program areas, is: Fresh pears, plums, prunes, apples, oranges, and peaches, fresh vegetables (including potatoes), corn meal, shell eggs, raisins, dried prunes, hominy (corn) grits, dry edible beans, wheat flour, enriched wheat flour, self-rising flour, enriched self-rising flour, and whole wheat (Graham) flour.

## Would Abolish Curb

The best interest of security dealers and investors would be served by the discontinuance of the Curb Exchange, it is believed by D. A. Balfour of Russell, Hoppe, Stewart & Balfour, Wilcox Building, Portland, Oregon, since many of the issues traded on

# THE FINANCIAL SITUATION

(Continued from First Page)

them has primarily to do with corporate earnings, not merely the prospect for profit in American industry in general, or even of large groups or departments of that industry, but the outlook facing each enterprise—so diverse are the effects of current developments upon each corporation likely to be. The other concerns the attitude and probable policy of the Administration as regards banking and credit, particularly central banking and suggested restrictions of credit.

## Entering A New Period

Clearly we are now upon the threshold of a period when the course of corporate earnings will differ quite materially from those of the past year, particularly the course of earnings which corporations are permitted to retain. For a considerable period after our armament program was launched, indeed until rather recently, there appeared to exist among many the rather easy assumption that despite the President's repeatedly reiterated determination that no one should profit largely by our preparedness effort, most of the larger corporation with substantial war orders, and many other enterprises whether they received such orders or not, would find a way to make very substantial sums of money, if not indeed to grow rich at the expense of the "emergency." Labor has been repeatedly pointing to enlarged corporation earnings as supporting its demands for higher wages and various other concessions. First half results have, it must be said, lent a certain plausibility to this view, possibly even when the enormously enlarged burden of taxation is taken into account. Competent students of such matters have, of course, not become unduly elated, but there has been a feeling of some satisfaction with earnings, particularly when they have been compared with the prices of securities of the companies in question.

But however all this may be, it is plain that we are now reaching a new stage as regards corporate earnings. Higher taxes and costs, especially labor costs, have even now begun observably to take their toll. Recent studies by the Division of Industrial Economics of the Conference Board indicate that the tide turned early this year. The Board's index of corporation earnings after re-allocation of Federal taxes applicable to the first and second quarter stood for the latter at 159 after taxes and for the former at 144 compared with 163 for the fourth quarter of 1940. The rate of business activity was, of course, much higher this year than last. Figures from the same source show that while first half net for a

large group of corporations before taxes was some 82 per cent above 1940, these corporations will have only 20 per cent more when they have paid their Federal taxes—assuming, of course, that reserves set up for this purpose prove adequate, which in the present state of things cannot be counted as a certainty.

## Wide Variations

But such general figures tell only half the story. Six corporations making aircraft and parts show a 6 per cent decline in earnings after taxes as compared with last year, although before such taxes they show a gain of some 127%. Fifteen chemical companies included in the Board's list did not do quite so well as last year after taxes despite a 58 per cent gain before taxes. A number of other groups revealed but slight gain despite higher rates of activity. Only a few, such as the steel and iron, and rubber products show gains after taxes comparable with what appears to be the impression in some quarters, and it is to be remembered that large percentage gains do not necessarily mean large profits by any means. Whatever may be the increase in volume of business done, and whatever may be the earnings showing before Federal taxes, it is clear even from the record to date that the armament program is not proving and will not prove an unexampled boon to corporate profits.

But as all students of the course of earnings well know the record of past performances is but a poor guide to what may be expected of the same enterprises during the next year or two, and it is to future, not past, profits that the financial community must look for guidance in considering investment programs, and the like. Aside from taxes which are a study in themselves, and of which it might almost be said that they affect each corporation in a way and in a degree different from any other, there are four major factors, all of them more or less indecipherable at the moment, which are certain to leave their impress on corporate earnings during the months' and the year or two to come. The first is one Leon Henderson (possibly presently aided and abetted by sweeping new legislation) who after the manner of General Johnson is strutting and screaming and acting to control the prices at which manufacturers may sell their goods. The second is like unto the first except that it operates in reverse. It is the tendency among the New Deal managers, and perhaps even more so far as agricultural prices are concerned in Congress not only to wince and relent and refrain when farm product prices and wage rates are under discussion, but in many ways even to encourage increases in both. It thus arises that many producers are in danger of being caught between the upper millstone of fixed prices for their products and the nether millstone of higher material and labor costs.

The third factor concerns priorities, hoarding of materials and other closely allied matters which endanger the supply lines of many enterprises, and the fourth with the as yet undetermined profitability of armament orders. The motor manufacturers, for example, have not fared badly so long as they were able to make and sell to the general public large quantities of goods for which they are, and have for a long while, especially organized and equipped, and in both the manufacture and sale of which established business customs and practices were in vogue, but what will their income statements look like when they are obliged very substantially to curtail their normal business and devote their time instead to the production of tanks, machine guns, military cars, and all the rest under a variety of terms and conditions never before experienced in American industry?

## Each Case A Separate Problem

The point here is not so much the difficulties thus imposed upon industry, or the effect these are likely to have upon the volume of corporate earnings taken all together as it is the problem of determining the consequences to this or that particular corporation or group of corporations. Certain enterprises or groups of enterprises may be so fortunate as to be in little danger of severe priorities harassment, but be large employers of wage earners who are quite definitely "on the make." Another may use substantial amounts of materials on the "critical" list, but have large supplies on hand. Still another may be engaged in making goods or rendering services the prices of which are of secondary concern to Mr. Henderson and his colleagues, but use large quantities of agricultural materials whose prices are high and rising, and at the same time operate in a situation where competition is more effective than Mr. Henderson or Congress in preventing corresponding increases in what is asked of the public for the goods in question. One corporation may employ chiefly unskilled labor which is in relatively abundant supply while its next door neighbor may require highly skilled workmen many of whom have been drawn away to make airplane engines or machine guns. One holder of immense armament orders, possibly from the British, may

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# Electric Output for Week Ended Aug. 30, 1941, Shows Gain of 17.8% Over Like Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Aug. 30, 1941, was 3,223,609,000 kwh. The current week's output is 17.8% above the output of the corresponding week of 1940, when production totaled 2,736,224,000 kwh. The output for the week ended Aug. 23, 1941, was estimated to be 3,193,404,000 kwh., an increase of 17.7% over the like week a year ago.

| Major Geographic Regions | PERCENTAGE INCREASE FROM PREVIOUS YEAR |                        |                        |                       |                       |
|--------------------------|--|------------------------|------------------------|-----------------------|-----------------------|
|                          | Week Ended Aug. 30 '41                 | Week Ended Aug. 23 '41 | Week Ended Aug. 16 '41 | Week Ended Aug. 9 '41 | Week Ended Aug. 2 '41 |
| New England              | 22.5                                   | 20.1                   | 23.0                   | 21.9                  | 21.9                  |
| Middle Atlantic          | 16.0                                   | 15.1                   | 13.2                   | 15.5                  | 15.5                  |
| Central Industrial       | 19.3                                   | 20.2                   | 19.4                   | 21.0                  | 21.0                  |
| West Central             | 12.1                                   | 16.2                   | 17.5                   | 19.5                  | 19.5                  |
| Southern States          | 24.8                                   | 24.2                   | 21.8                   | 15.9                  | 15.9                  |
| Rocky Mountain           | 8.5                                    | 4.5                    | 3.1                    | 5.4                   | 5.4                   |
| Pacific Coast            | x10.5                                  | x10.3                  | x9.0                   | x8.7                  | x8.7                  |
| Total United States      | 17.8                                   | 17.7                   | 16.6                   | 16.5                  | 16.5                  |

x Percentage should be higher; data under revision.

| Week Ended | DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours) |           |                          |           |           |
|------------|---|-----------|--------------------------|-----------|-----------|
|            | 1941  | 1940      | Percent Change from 1940 | 1939      | 1938      |
| Apr. 5     | 2,937,585   | 2,493,690 | +17.8                    | 2,243,986 | 2,050,101 |
| Apr. 12    | 2,882,319   | 2,529,908 | +13.9                    | 2,234,908 | 2,016,227 |
| Apr. 19    | 2,873,710   | 2,528,868 | +13.6                    | 2,265,216 | 2,010,121 |
| Apr. 26    | 2,926,445   | 2,499,060 | +17.1                    | 2,244,039 | 1,995,555 |
| May 3      | 2,914,882   | 2,503,899 | +16.4                    | 2,224,723 | 1,992,161 |
| May 10     | 2,975,024   | 2,515,515 | +18.3                    | 2,238,826 | 2,019,065 |
| May 17     | 2,982,715   | 2,550,071 | +17.0                    | 2,234,592 | 2,020,830 |
| May 24     | 3,011,754   | 2,588,821 | +16.3                    | 2,277,749 | 2,030,754 |
| May 31     | 2,924,460   | 2,477,689 | +18.0                    | 2,186,394 | 1,936,597 |
| June 7     | 3,042,128   | 2,598,812 | +17.1                    | 2,328,756 | 2,056,509 |
| June 14    | 3,066,047   | 2,664,853 | +15.1                    | 2,340,571 | 2,051,006 |
| June 21    | 3,055,841   | 2,653,788 | +15.2                    | 2,362,436 | 2,027,420 |
| June 28    | 3,120,780   | 2,659,825 | +17.3                    | 2,395,857 | 2,074,014 |
| July 5     | 3,066,865   | 2,425,229 | +18.2                    | 2,145,033 | 1,937,486 |
| July 12    | 3,141,158   | 2,651,626 | +18.5                    | 2,402,893 | 2,154,099 |
| July 19    | 3,162,586   | 2,681,071 | +18.0                    | 2,377,902 | 2,152,779 |
| July 26    | 3,183,925   | 2,760,935 | +15.3                    | 2,426,631 | 2,159,667 |
| Aug. 2     | 3,226,141   | 2,762,240 | +16.8                    | 2,399,805 | 2,193,750 |
| Aug. 9     | 3,196,009   | 2,743,284 | +16.5                    | 2,413,600 | 2,199,266 |
| Aug. 16    | 3,200,818   | 2,745,697 | +16.6                    | 2,453,556 | 2,206,560 |
| Aug. 23    | 3,193,404   | 2,714,193 | +17.7                    | 2,434,101 | 2,202,454 |
| Aug. 30    | 3,223,609   | 2,736,224 | +17.8                    | 2,442,021 | 2,216,648 |

that exchange would have a better market and wider interest if handled over-the-counter. The Curb market does not represent the true market in many issues, according to Mr. Balfour, and tends to contract rather than expand dealer interest, the present

trend indicating that the larger Stock Exchange broker is endeavoring to acquire all the business and drive the small dealer entirely out, since every new listing or security admitted to unlisted trading privileges helps the large Exchange broker.



## THE FINANCIAL SITUATION

(Continued from Page 30)

have obtained them on terms which leave a clear possibility of a good profit (at least before Federal taxes) while another may have even larger orders but has not proved so good a bargainer in obtaining them. The terms and conditions under which American industry has undertaken its defense task are infinite in their variety, and concerning many of them little of consequence is generally known. Evidently all those who must evaluate securities, whether he be investor, broker, dealer, or banker cannot in these circumstances permit himself to grow mentally sluggish or expect to have an easy time of it.

When we turn to the banking and credit corner of the picture we find a somewhat different, but for the moment at least about equally uncertain prospect. It has for some time been evident that "inflation" has been a word to conjure with in Washington. Fear of its arrival (as if in reality it had not been with us for a long while past) has set the Chairman of the Board of Governors of the Federal Reserve System agog again, and effort, of which he seems to be the leader, is again being made to obtain legislation which would empower the Reserve Board to perform further radical operations upon member bank reserve requirements. Existing reserves of member banks, even when considered in relation to their deposit liabilities, are still so large that the figures have little meaning, but the subject cannot be lightly dismissed for all that. For one thing, bankers have become accustomed to large "excess" reserves, and are much inclined to grow restive when they even threaten to approach moderate levels. In such times as these in particular careful bankers have no desire to place themselves in a position of dependence upon the Federal Reserve—certainly not while the present New Deal management is in the saddle. For another thing, "excess" reserves vary in amount in various parts of the country, as does the need for them. A reduction in this "excess" which left the banking system as a whole well protected, could very easily cause considerable concern and disturbance in New York City where the banks are in so large a degree bankers' banks, and where in so large a degree the short term balances of the country, not to say of the world where any freedom or discretion remains. Moreover, there is no disguising, or avoiding the fact that the Treasury must come into the market for huge amounts of money in the year or two ahead, and, unfortunately, there is no very great likelihood that it will be able to raise the funds it needs without calling on the banks in one way or another.

Such in bold strokes is the nature of the situation by which the financial community is faced now that the holiday period is over. It is by no means improbable that the state of affairs will considerably clarify itself within a reasonable time. Most observers believe that we can count upon a continuation of the policy of coddling the farmer and the wage earner. The President's courageous veto of the wholly unwarranted attempt to "freeze" government stock of cotton and wheat was excellent so far as it went. It should be clearer within a few weeks whether or not the Government will actually let any substantial part of its stock go into the market. But as to any program of effectively controlling farm prices or of placing a restraining hand upon labor, the situation needs not "clarification," but action, which it will not obtain. It should not take a great length of time to determine whether the new priorities organization will be able and willing to do anything really effective. A clearer picture of the effect of priorities and kindred restrictions upon the great rank and file of American enterprises will probably slowly emerge as the autumn months pass. The extent to which Congress is willing to place real power in the hands of Mr. Henderson or of the President as to prices should be much clearer within a few weeks. Considerable time must elapse before the public will be able to determine from actual income statements the degree of profitability of armament contracts, since operations under many of them will not be under full headway for some time to come and, of course, corporation reports will not appear until still later, but the corporations holding these contracts should be in a position before very long to form a fairly accurate judgment of how well they are likely to fare, and, of course, such information has a way of "getting around." As to banking and credit developments, it is possible that the head of the Treasury will give some inkling of what is in the wind when he announces his intentions concerning fall offerings, but it may be that further developments in Congress will have to be awaited.

One thing which to most observers seems rather definite, barring the wholly unexpected. That is that despite all the alarmist talk about priorities unemployment and the like, demand for consumer goods generally will fully match production of them within the foreseeable future.

## From Washington

(Continued from First Page)

is out to increase the Government's control over business and industry.

Notwithstanding that Henry Wallace is made chairman of the SPAB, Henderson will dominate it. Wallace is not an executive. He is the missionary type. He is on the board to give the New Dealers a majority in the event of trouble with Knox, Stimson and Knudsen. Donald Nelson "a business man" is to be executive director and much has been made of the fact that he is to be really the board's top man. He got the job because he could "get along with Henderson," as the New Dealers said when they were agitating for him to replace Knudsen or Stettinius. He will remain on the board now just as long as he can "get along with Henderson."

Business men thinking of offering their services in Washington should contemplate the experience which their predecessors have had. The truth as to whether defense needs were underestimated will likely never be known. It would be worth a pretty penny to know on just what the needs were based inasmuch if there is anyone in Washington who knows just what this Government is going to do, even including Mr. Roosevelt, he is yet to make himself known. Mr. Roosevelt, throughout the agitation, frequently indicated—and impatiently—that production was satisfactory to him—oh not quite satisfactory because it never would be. We always must be straining every effort. But he was never alarmed as seemingly were those responsible for the agitation. He should be in position to know the needs—needs for just what, war abroad or whatnot, more than anybody else.

The experience of the Dollar-a-Year men, now climaxed with their utter eclipse, has been one of the most fantastic spectacles seen in Washington in a long time. Presumably, the guns and planes will figuratively roll but only figuratively, much faster now.

It is exceedingly doubtful if Little Business will fare any better now from priorities or in defense contracts than it has been faring. The New Dealers are saying rather freely, have been for sometime, that the day of Little Business is at an end. They took a fling at endorsement of the anti-trust laws back in 1938 when they had to do something to divert attention from the 1937 recession. But this "crusade" which got little beyond the newspaper headline stage, was short-lived, and Thurman Arnold had scarcely gotten his trust-busting fervor up, when the New Dealers began trying to pull him off with the explanation that they had decided it was impossible to make little businesses out of big ones. Since then they have been moving towards Big Business on the theory that it is easier to control.

Knudsen and his associates, particularly John D. Biggers have taken a lot of abuse on the grounds that they permitted Big Business to gobble up the bulk of the defense money. Biggers really tried to help Little Business. But the cards against it have been stacked and are likely to become more so. Little Business' difficulty is to comply with the multitude of Government regulations—the Walsh-Healy Act, for example. The labor leaders are right with the New Dealers in their attitude towards the little fellows. They

## FDIC Banks Report New Record

### Loans, Discounts and Deposits

(Continued from First Page)

to \$24,998,000,000 on June 30, 1941. This represents a reduction of \$1,292,000,000, or almost 5% since Dec. 31, 1940;

- Investments by the banks in United States Government obligations and obligations guaranteed by the United States Government increased from June of last year by \$3,470,000, or almost 22% and amounted to \$19,371,000,000;
- Investments in obligations of States and political subdivisions amounted to \$3,551,000,000 on June 30, 1941, a gain of \$68,000,000, or 2% during the year period. Investments in other securities, exclusive of foreign securities and stock in Federal Reserve banks, continued to decline and amounted to \$3,039,000,000, a reduction of about 2% during the year period;
- Holdings of other real estate acquired in settlement of debt and not used as bank premises, were reduced during the year period by 17%, or \$63,000,000;
- Total assets amounted to \$72,984,000,000 on June 30, 1941, an increase since June 29, 1940 of \$7,395,000,000, or 11%. Of the assets held by insured commercial banks on June 30, 1941, 34% were cash, reserves, and funds due from banks, 36% were securities, and 27% were loans and discounts;
- Total capital accounts of the insured commercial banks increased by \$167,000,000, over the year period, reflecting increases in surplus, undivided profits, and reserves, which more than offset retirements of preferred capital. Total capital accounts amounted to \$6,773,000,000 on June 30, 1941, equal to 9.3% of book value of assets, compared with 10.1% on June 29, 1940.

The following is the preliminary statement issued by the FDIC:

#### STATEMENT OF ASSETS AND LIABILITIES OF INSURED COMMERCIAL BANKS AS OF JUNE 30, 1941, DEC. 31, 1940, AND JUNE 29, 1940 (In Thousands of Dollars)

|  | ASSETS        |               |               |
|--|---------------|---------------|---------------|
|  | June 30, 1941 | Dec. 31, 1940 | June 29, 1940 |
| Number of banks  | 13,423        | 13,438        | 13,480        |
| Cash and Funds Due from Banks  |               |               |               |
| In vault   | 1,242,618     | 1,235,263     | 983,888       |
| In process of collection   | 2,488,529     | 2,847,322     | 1,573,048     |
| With Federal Reserve banks   | 12,958,527    | 13,991,733    | 13,750,056    |
| With other domestic banks  | 8,298,541     | 8,204,279     | 7,540,987     |
| With foreign banks   | 10,042        | 11,750        | 16,204        |
| Total Cash and Funds due from banks  | 24,998,257    | 26,290,347    | 23,863,883    |
| Loans and Securities   |               |               |               |
| U. S. Govt. obligations and obligations guaranteed by the U. S. Govt.                                    | 19,370,714    | 17,063,870    | 15,900,885    |
| Obligations of States, political subdivisions, territorial and insular possessions                       | 3,551,281     | 3,608,270     | 3,482,795     |
| Foreign securities   | 177,472       | 194,802       | 204,332       |
| Other securities   | 3,038,851     | 3,157,791     | 3,096,416     |
| Stock in Federal Reserve banks   | 140,295       | 138,539       | 136,861       |
| Loans and discounts (including overdrafts)   | 19,913,169    | 18,397,472    | 17,014,372    |
| Total Loans and Securities   | 46,191,762    | 42,560,744    | 39,835,661    |
| Guarantees and securities of customers and banks on account of acceptances                               | 79,424        | 83,640        | 81,104        |
| Banks premises owned and furniture and fixtures  | 1,067,130     | 1,071,414     | 1,081,082     |
| Other real estate, acquired in settlement of debt; not used as banks premises                            | 305,755       | 339,563       | 370,033       |
| Investments and other assets indirectly representing bank premises owned or other real estate            | 122,184       | 123,168       | 136,913       |
| Other assets   | 218,580       | 250,649       | 220,504       |
| Total Miscellaneous Assets   | 1,794,073     | 1,868,434     | 1,889,636     |
| Total Assets   | 72,984,112    | 70,719,525    | 65,589,180    |
| ① Revised  |               |               |               |
|  | June 30, 1941 | Dec. 31, 1940 | June 29, 1940 |
| Deposits—  |               |               |               |
| Individuals, partnerships, and corporations, payable on demand   | 34,330,943    | 32,400,488    | 26,899,054    |
| Individuals, partnerships, and corporations deposited for periods of time                                | 15,207,488    | 15,002,076    | 14,779,568    |
| U. S. Government and postal savings  | 730,726       | 735,463       | 829,606       |
| States and political subdivisions  | 4,009,655     | 3,820,595     | 3,601,093     |
| Domestic banks, certified and officers' checks, cash letters of credit and travelers' checks outstanding | 10,648,274    | 10,801,555    | 9,609,331     |
| Foreign banks  | 689,562       | 708,993       | 706,739       |
| Total Deposits   | 65,616,648    | 63,469,170    | 58,425,391    |
| Borrowed money   | 10,675        | 11,481        | 13,844        |
| Outstanding acceptances and bills of exchange  | 94,387        | 98,056        | 96,114        |
| Other liabilities  | 489,296       | 467,432       | 447,332       |
| Total Miscellaneous Liabilities  | 595,358       | 576,969       | 557,290       |
| Total Liabilities (excluding Capital Accounts)   | 66,211,006    | 64,046,139    | 58,982,681    |
| Capital Accounts—  |               |               |               |
| Capital stock, notes, and debentures   | 2,858,363     | 2,872,040     | 2,892,233     |
| Surplus (paid in by stockholders or accumulated from earnings)   | 2,603,327     | 2,583,263     | 2,483,865     |
| Undivided profits  | 898,317       | 838,125       | 836,841       |
| Amounts set aside for contingencies, etc.  | 413,099       | 399,958       | 393,560       |
| Total Capital Accounts   | 6,773,106     | 6,673,386     | 6,605,499     |
| Total Liabilities and Capital Accounts   | 72,984,112    | 70,719,525    | 65,589,180    |
| ① Revised  |               |               |               |
| ② Includes U. S. Treasurer's time deposits, open account.  |               |               |               |

are too much trouble to keep in organized labor's line.

Arnold, restless at being on the shelf to which he has been put by the course of events, is agitating among his friends in Congress for legislation overturning the Frankfurter decision which held that the anti-trust laws didn't apply to organized labor. He's got about 400 young lawyers anxious to do their stuff but they are being held in check.

Arnold has a lot of friends in Congress, both personal and those who hold his views towards Labor and Big Business but it would amaze Washington if he were to suc-

ceed in his campaign. The chances are more likely that the New Dealers will sooner or later run him out of town. He has been in their bad graces ever since he filed a suit against the carpenters' union just as the 1940 campaign was beginning to warm up.

The purpose of Justice Frank Murphy's secret talk to the Knights of Columbus convention in Atlantic City was to reassure the Catholics on the Administration's attitude towards Communists. Many of them have thought there was decidedly too much friendship.



## Municipal Bond Sales In August

New issues of long-term State and municipal bonds were sold in the aggregate principal amount of \$43,477,722 during August. Sales in the previous month were \$54,844,829 and in August, 1940, the total was \$75,019,089.

The feature operation last month was conducted by the City of Tacoma, Wash., which awarded an issue of \$4,000,000 1½% and 3% light and power revenue bonds to a syndicate headed by John Nuveen & Co. of Chicago. Competition for the loan was exceptionally keen. The successful bid figured a net interest cost of 1.748%, while the next best tender was based on a cost of 1.76%. Eight groups entered bids for the issue.

Speaking of revenue bonds, it is of interest to note that the recent month witnessed the acceptance by the Washington Toll Bridge Authority of the offer of the insurance companies to settle the Tacoma Narrows Bridge claim for \$4,000,000 plus salvage. Use and occupancy insurance in the amount of \$240,000 was paid last April. It is believed that the Authority will apply the proceeds of the recent settlement toward the redemption of \$3,750,000 of outstanding revenue bonds. The relative speed with which the complicated claim was adjusted was viewed in investment circles "as constituting a milestone in the favorable record of bridge revenue bonds."

Financing during August included the following items of \$1-100,000 or more:

|             |   |
|-------------|---|
| \$4,050,000 | Minnesota (State of) Rural Credit Deficiency Fund certificates of indebtedness awarded to a syndicate headed by the National City Bank of New York, as 1.20s, at a price of 100.253, a basis of about 1.10%.  |
| 4,000,000   | Tacoma, Wash., light and power bonds sold to an account headed by John Nuveen & Co., Chicago, on a bid of 100.002 for \$1,425,000 3s, due semi-annually from July 1, 1942 to July 1, 1950 incl., and \$2,575,000 1½s, due semi-annually from July 1, 1950 to July 1, 1961, making a net interest cost of 1.748%. Bonds are optional beginning Jan. 1, 1952. Re-offered to yield from 0.30% to 1.85%, according to maturity.   |
| 2,716,000   | Minneapolis, Minn., bonds purchased by Phelps, Penn & Co., Inc., New York, and associates, as follows: \$1,270,000 1½% refundings, due from 1942 to 1951 incl., at a price of 100.157, a basis of about 1.47%; \$1,446,000 public relief and permanent improvement, maturing from 1942 to 1961 incl., sold at 1.70s, at 100.21, a basis of about 1.67%. The 1½s were re-offered from a yield of 0.25% to 1.55%, according to maturity, and the 1.70s on a basis of from 0.25% to 1.80%. |
| 2,540,000   | Dade County Special Tax School Districts, Fla., school site and building bonds, bearing 4% interest, were taken by a group headed by Blyth & Co., Inc., New York. An issue of \$2,250,000, due 1942 to 1961 incl., brought a price of 107.777, a basis of about 3.16%, and a clock \$290,000, maturing 1942 to 1971 incl., optional May 1, 1961, was sold at 107.853, a basis of about 3.16%. The bonds were re-offered to yield from 1% to 4%, according to date of maturity.          |
| 1,866,000   | New Hampshire (State of) 7½% hospital, relief and other purpose bonds sold privately to a group headed by White, Weld & Co., New York, and re-offered to yield from 0.25% to 0.90%, according to maturity. Bonds due serially from 1943 to 1949 incl.   |
| 1,165,000   | Delaware (State of) public improvement bonds, due from 1942 to 1954 incl., optional Aug. 15, 1950, were purchased by a syndicate headed by B. J. Van Ingen & Co., Inc., New York, as 1.10s, at 100.333, a basis of about 1.05%. Re-offered from a yield of 0.15% to a price of 99.50, depending on date of maturity.  |

Following is a report of the issues unsuccessfully offered during August. Page Number of the Chronicle is given for reference purposes:

| Page | Name  | Int. Rate   | Amount    | Report            |
|------|---|-------------|-----------|-------------------|
| 1028 | Bexar County, Texas                               | 2½%         | \$285,000 | Bids rejected     |
| 1161 | Gallatin County S. D. No. 3, Mont.                | not exc. 6% | 10,000    | Bids rejected     |
| 1022 | Montgomery County, Md.                            | not exc. 5% | 120,000   | Offering canceled |
| 1305 | Nankin and Dearborn Twp. Frac. S. D. No. 2, Mich. | x           | 37,500    | No bids           |
| 873  | Nyssa, Ore.                                       | not exc. 4% | 13,000    | Bids rejected     |
| 1308 | Towner, N. Dak.                                   | not exc. 5% | 3,000     | Project abandoned |

Short-term borrowing by States and municipalities during August included the sale by the State of New York of \$100,000,000 0.20% notes and the issuance by New York City of \$55,000,000 revenue bills. Principally as a result of these operations, the grand total of financing for the month reached \$171,591,571. Other relatively large sales were made by the States of California and Massachusetts.

Sales of Canadian municipal bond issues in August amounted to only \$1,759,217, of which \$1,416,000 was accounted for by the Province of Manitoba. This offering, comprising \$750,000 3½s and \$666,000 3s, was underwritten by Wood, Gundy & Co., the Dominion Securities Corp. and A. E. Ames & Co., all of Toronto. An important development during the month was announcement of the creation of a joint committee, representing bondholders and the Alberta government, to consider "ways and means of evolving a refunding plan satisfactory to the province and to the bondholders." Approximately \$147,000,000 bonds are outstanding, including maturities in default.

No United States Possession financing was undertaken during August.

A comparison is given in the table below of all the various forms of securities placed in August in the last five years.

|                         | 1941         | 1940         | 1939         | 1938         | 1937         |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Perm. loans (U. S.)     | \$43,477,722 | \$75,019,089 | \$69,059,582 | \$68,831,351 | \$52,720,544 |
| * Temp. loans (U. S.)   | 171,591,571  | 77,719,826   | 155,875,000  | 54,605,090   | 44,369,203   |
| Can. loans (perm't):    |              |              |              |              |              |
| Placed in Canada        | 1,759,217    | 4,510,011    | 1,081,500    | 2,810,900    | 240,000      |
| Placed in U. S.         | None         | None         | 30,000,000   | None         | None         |
| Bonds U. S. Poss'n.     | None         | 500,000      | None         | 450,000      | None         |
| Gen. fd. bids. (N.Y.C.) | None         | None         | None         | None         | None         |
| Total                   | 216,828,510  | 157,748,926  | 256,016,082  | 123,697,341  | 97,330,352   |

\* Including temporary securities issued by New York City, \$55,000,000 in August, 1941; \$45,000,000 in August, 1940; \$35,000,000 in August, 1939; \$30,000,000 in August, 1938 and \$30,500,000 in August, 1937.

The number of places in the United States selling permanent bonds and the number of separate issues made during August, 1941, were 250 and 281, respectively. This contrasts with 339 and 392 for July, 1941 and with 275 and 343 for August, 1940.

For comparative purposes we add the following table showing the aggregates for August and the eight months for a series of years. In these figures temporary loans, New York City's "general fund" bonds and also issues by Canadian municipalities are excluded:

| Month of August | For the 8 Months | Month of August | For the 8 Months |
|-----------------|------------------|-----------------|------------------|
| 1941            | \$43,477,722     | 1932            | \$37,839,667     |
| 1940            | \$75,019,089     | 1931            | \$594,140,739    |
| 1939            | \$69,059,582     | 1930            | 1,022,918,595    |
| 1938            | \$68,831,351     | 1929            | 975,963,112      |
| 1937            | \$52,720,544     | 1928            | 80,872,773       |
| 1936            | \$68,831,351     | 1927            | 68,918,129       |
| 1935            | \$56,769,681     | 1926            | 1,060,936,272    |
| 1934            | \$65,703,316     | 1925            | 92,086,994       |
| 1933            | \$27,708,331     | 1924            | 71,168,428       |
| 1932            | \$41,602,539     | 1923            | 83,727,297       |
|                 |                  | 1922            | 980,196,064      |
|                 |                  | 1921            | 298,422,720      |

(Details of the individual issues sold during last month will appear in a future issue of the "Chronicle.")

## Weeks Lumber Output Practically Unchanged

Lumber production during the week ended Aug. 23, 1941, was the same as the previous week; shipments were 4% greater; new business 2% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 3% above production; new orders 13% below production. Compared with the corresponding week of 1940, production was 16% greater, shipments 16% greater, and new business 24% less. The industry stood at 120% of the average of production in the corresponding week of 1935-39 and 139% of average 1935-39 shipments in the same week. The Association's reports further showed:

### Year-to-Date Comparisons

Reported production for the 34 weeks of 1941 to date was 14% above corresponding weeks of 1940; shipments were 17% above the shipments and new orders were 16% above the orders of the 1940 period. For the 34 weeks of 1941 to date, new business was 9% above production, and shipments were 6% above production.

### Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 43% on Aug. 23, 1941, compared with 27% a year ago. Unfilled orders were 34% greater than a year ago; gross stocks were 15% less.

### Softwoods and Hardwoods

Record for the current week ended Aug. 23, 1941, for the previous week and for the corresponding week of a year ago, follows in thousand board feet:

|            | Softwoods 1941 Week | Hardwoods 1941 Week | Softwoods 1940 Week | Hardwoods 1940 Week | Softwoods 1941 Prev. Week | Hardwoods 1941 Prev. Week |
|------------|---------------------|---------------------|---------------------|---------------------|---------------------------|---------------------------|
| Mills      | 378                 | 88                  | 378                 | 88                  | 378                       | 88                        |
| Production | 285,429             | 100,919             | 291,195             | 104,851             | 285,429                   | 100,919                   |
| Shipments  | 297,681             | 111,722             | 247,681             | 87,112              | 297,681                   | 111,722                   |
| Orders     | 247,681             | 87,112              | 247,681             | 87,112              | 247,681                   | 87,112                    |
|            | 1941 Week           | 1940 Week           | 1941 Week           | 1940 Week           | 1941 Week                 | 1940 Week                 |
| Mills      | 450                 | 450                 | 450                 | 450                 | 450                       | 450                       |
| Production | 296,358             | 255,518             | 296,358             | 255,518             | 296,358                   | 255,518                   |
| Shipments  | 304,046             | 263,184             | 304,046             | 263,184             | 304,046                   | 263,184                   |
| Orders     | 258,853             | 341,432             | 258,853             | 341,432             | 258,853                   | 341,432                   |

## Commercial Banks Buy More Mortgages

Commercial banks are buying and investing in mortgage loans as almost never before in their history, the Mortgage Bankers Association of America pointed out on Aug. 30. Banks and trust companies made about a fifth of the nearly \$2,250,000,000 of urban mortgages recorded in the first half of this year, the Association data indicated. In 1940, it is stated, insured commercial banks, representing 54% of all commercial banks in the nation, enlarged their residential mortgage portfolio by around 11%, or by nearly \$188,000,000. This compared with a gain of only 7½% the year before, illustrating, said Dean R. Hill, Association President, the greater attention banks are giving mortgages as investments and revenue-producers.

## \$450,000,000 Reward For Their Past Thrift

A \$450,000,000 reward for their thrift in past years materialized for savings, building and loan association members the first six months of 1941, as this amount flowed back into their hands from the associations, the United States Savings and Loan League, Chicago, said on Aug. 30. Paul Endicott, President of the League, said that \$400,000,000 of it was

## IN THIS SECTION

(Continued from Page 17)

Lumber production and shipments during week ended Aug. 23, 1941 show little change from preceding week. Page 32

Manufactured and natural gas Utility Companies' revenues for first six months show gain of 3.2% over year ago. Page 19

Crude Oil production continues rise during month of June, daily average reaching 3,834,200 barrels. Page 28

Loans and Discounts of Insured Commercial Banks as of June 30, 1941 were Highest Ever Reported to FDIC—Deposits Also at Record Amount. Page 17

Farmers Begin Fall Harvest with Best Income Prospects in Years, According to Department of Agriculture—Higher Costs However Cut Into Prices. Page 17

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capital originally saved up or invested in lump sums in the thrift and home financing institutions, \$40,000,000 of it represented cash dividends paid on share accounts and \$10,000,000 represented loans obtained with share accounts as security.

The outflow during the period was normal in proportion to total shareholders interest in the savings and loan associations of this country, Mr. Endicott pointed out, and it was 40% less than the half year inflow of new funds. It is added that the \$400,000,000, for which the investors found either an emergency use or the purpose for which they had ori-

ginally saved it, had been in a continual turnover to home owners to help them buy, build or modernize, then back into the association in monthly payments and out again into other home owner hands, while it stayed in the institution.

### DIVIDEND NOTICE

JERSEY CENTRAL POWER & LIGHT CO.  
The Board of Directors has declared the following regular quarterly dividends: the 6th qtr. div. of \$1.15 on the 7% Preferred Stock; the 5th qtr. div. of \$1.50 on the 6% Preferred Stock; and the 4th qtr. div. of \$1.37½ on the 5½% Preferred Stock. Payable on Oct. 1, 1941, to stockholders of record at the close of business Sept. 10.  
R. R. BOLLINGER, Treasurer.