In 2 Sections—Section 2

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Business Activity Up First Half September

The Board of Governors of the Federal Reserve System announced on Sept. 19 that industrial activity increased further in August and the first half of September, and commodity prices continued to advance. In its monthly summary of general business and financial conditions in the United States, based upon statistics for August and the first half of September, the Board also says that distribution of commodities to consumers expanded considerably. The Board's summary continues:

Production

In August industrial output increased somewhat more than seasonally and the Board's adjusted index advanced from 160 to 161% of the 1935-39 average. There were sharp further advances in activity in the machinery, aircraft, shipbuilding, and railroad equipment industries. Lumber production also increased, while furniture production, which had been unusually large in July, showed less than the customary seasonal rise in August. Output of steel and nonferrous metals continued at near-capacity rates.

In the automobile industry output of finished cars declined sharply as plants were closed during the changeover to new model production and output in factories producing bodies and parts also was reduced considerably. In the first half of September automobile assemblies increased as production of new models was begun but from now on, owing to Government restriction on passenger car production, output will be considerably below that during the previous model year.

In most nondurable goods industries production in August continued around the high levels reached earlier this year. At cotton mills activity declined slightly from the record level reached in July, while at woolen mills there was some increase. Rayon output continued at peak levels. In the silk industry operations were curtailed sharply, as the Government requisitioned all supplies of raw silk, and deliveries of silk to mills declined from 28,000 bales in July to 2,000 in August. Rubber consumption also decreased, owing to a Government curtailment program. Shoe production, which had been unusually large, increased less than seasonally in August, and output of manufactured food products and chemicals showed seasonal increases from the high levels prevailing in June and July.

At mines coal production in August, as in other recent months, was unusually large for the season, and output of crude petroleum rose to a record level of 4,000,000 barrels daily in the latter part of the month. Iron ore shipments down the Lakes amounted to 11,500,000 tons, the largest monthly total on record.

Value of construction contract awards showed a further sharp increase in August and was about four-fifths larger than a

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N.Y. Savs.-Loan Assets Soar To Record High

Total assets of all savings and loan associations in New York State increased by over $15,000,000 during the first half of 1941, reaching an all-time high, according to Zebulon V. Woodard, Executive Vice-President of the New York State League of Savings and Loan Associations. This information is based upon figures received from the Banking Department and the Federal Home Loan Bank of New York.

The 260 savings and loan associations in the State on June 30, 1941, had total assets of $462,874,949, compared with total assets of $447,487,663, on Dec. 31, 1940. This is an increase of $15,387,286 for the first six months of 1941 and sets an all-time high record. The previous high mark was reached in 1940, when the total assets of the 262 associations in the State as of Dec. 31, 1940, $447,487,663, exceeded the former high mark of Dec. 31, 1931, for the 302 savings and loan associations of the State which reported assets of $443,252,364 at that time.

FROM WASHINGTON AHEAD OF THE NEWS

One of Washington's most interesting feuds is apparently by way of being ironed out as there develops enough power to be spread out over all the Bureaucrats. Secretary of the Treasury Henry Morgenthau and Marriner S. Eccles, governor of the Federal Reserve Board, whose running fight over the past eight years, has frequently made the financial community nervous, seem to be getting together.

The upshot of it is likely to be that Eccles may get legislation from Congress increasing the excess reserve requirements which he may call for from banks. By the time this is printed he probably will already have increased these requirements up to the ceiling which he is now authorized to do. But what is probably more important is that since last January he has been trying to get legislation empowering him to make the requirements even higher. Morgenthau has checked him, and furthermore has threatened to use his stabliziation fund as a lever against Eccles' operations to make interest rates higher. Eccles has been insisting that interest rates had to be higher to prevent inflation. He started out on this tack last January in his annual message to Congress. In this message he

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GENERAL CONTENTS

Editorial—

Six Per Cent

In the course of testimony yesterday before the House Banking Committee, the Secretary of the Treasury inserted an obiter dictum to the effect that "if a corporation earns 6 per cent on its capital that ought to be enough." He had prefaced this opinion with an assertion that "if we are going to ask anybody else to be patriotic and make sacrifices, the owners of corporations will have to do likewise."

The President from the first has repeatedly evinced an almost morbid dread of any one making a penny from the armament effort. He has not hesitated to make use of this more or less popular doctrine to support tax proposals which are only in part related to our efforts to become the arsenal of democracy. He has never been satisfied with the rate at which corporations are being taxed, and his dissatisfaction has not in any way been confined to those enterprises which might in the natural course of events earn substantial sums from the defense program. He has not, however, so far as we can recall, had the hardihood to suggest that all corporate profits from whatever source derived be taken away save an amount equal to 6 per cent of capital invested. One is obliged to wonder if what the Secretary of the Treasury now suggests is to be regarded as a "trial balloon" of Rooseveltian design.

But whatever its origin or purpose the suggestion is now more or less officially before the public, and must be regarded seriously. Thoughtful people need not, of course, be reminded that the suggestion is not that profits be fixed at 6 per cent, but that a 6 per cent "ceiling" be placed above profits of corporations, the individual enterprise assuming the risk of much smaller earnings, no earnings at all, or

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The September 23rd Issue Delayed - - -

The September 23rd issue of the Financial Chronicle is being held up to give precedence to the September 25th issue, containing news, editorials and special features. The delay of any issue of the Chronicle is unfortunate, but publication of the news seems more important than absolute promptness in the release of statistical material. Our difficulty in meeting the unreasonable demands of dictatorial labor union officials is the basic cause of this delay. In spite of this, we are gradually catching up with our publishing schedule, and will presently resume publication of much material which our readers have long found useful but which has been temporarily crowded out. However, we must ask our readers to continue to be patient with us just a little while longer.

From Washington

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complained that a monetary house divided against itself cannot stand, and also complained that the Federal Reserve Board found itself checked in the functions of controlling the country's credit system which were assigned to it.

There were collateral recommendations such as that the President's power further to devalue the dollar should be repealed, as well as the silver policy. He showed his recommendations to the President who expressed no objections to their being presented to Congress.

But he didn't show them to Morgenthau. The result was that Morgenthau, with the aid of Jesse Jones, went to work to scuttle his recommendations on Capitol Hill. Jones' interest in the matter may have been influenced by the fact that when the deck seemed cleared for his man, Emil Schram, to be governor of the Chicago Federal Reserve Board, Eccles stepped in and vetoed him with the succinct announcement that he hadn't been consulted. Schram subsequently landed a much better paying job as president of the New York Stock Exchange.

The Morgenthau-Eccles feud began even while Eccles was serving under Morgenthau in the Treasury in the early New Deal. He didn't form a good impression of his chief and since he became governor of the Federal Reserve Board, he never missed an opportunity at Washington gatherings to say that he hadn't. One of the first things he did, in fact, was to work with Senator Carter Glass in the framing of the 1935 Banking Act to have Morgenthau removed as an ex officio member of the Reserve Board. Morgenthau never forgave him for this, inasmuch as the treasury secretary had served on the board since its creation in the Woodrow Wilson regime.

Over the ensuing period of years, it is difficult to find one single instance of Morgenthau and Eccles agreeing on a single major problem. They fought for months over what to do about the Bank of America. They fought over standardized bank examinations. When the war broke out in Europe, Eccles went into the bond market to buy up U.S. government bonds. But he didn't let Morgenthau know he was doing this and for several days Morgenthau eagerly followed the ticker under the impression the bonds were holding up without artificial support.

Following Morgenthau's scuttling of his recommendations to Congress, the country was to witness the unsual spectacle of another Government official, Eccles, opposing in many policy features, the Treasury's tax recommendations. Ordinarily, the tax recommendations of the Treasury are those of the Administration. The venerable chairman of the House Ways and Means Committee, Robert L. Doughton of North Carolina, complained about this confused situation in a letter to the President.

There is no telling how much grief the feud of these two money powers has caused the financial community. Their two agencies, supposed to synchronize, have never done so. Now, Morgenthau is said not to be averse to letting Eccles have legislation to increase the reserve bank requirements which means, presumably, that Morgenthau is not averse to higher money. That is what Eccles wants the legislation for. What this will do to the interest which the Government has to pay for its money is something else. One of Morgenthau's great prides and frequent boasts is the cheapness

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Editorial—

Importance Of An Independent Legislative Department

On Monday, December 2, 1851, the unwarned people of France awoke to be told that they were no longer citizens of a free Republic but the subjects of a dictatorship of force which proceeded promptly to demonstrate that it was as bloody and despotic as any tyranny of the past. Hideous conspiracy, working its ignoble and selfish ends while the people slept, had robbed them over-night of all their most cherished freedoms; it had taken away all the realities of self-government; it had destroyed freedom of assembly, freedom of speech, freedom of the press, and freedom of political action, leaving only an empty shell in the form of an illusory thing called "universal manhood suffrage." An enslaved people was permitted, under Louis Napoleon as dictator and emperor, to retain the futile bauble of suffrage, provided there was no adverse scrutiny or criticism of official bribery and coercion at the polls or of the manner in which the votes were counted after they had been cast, and provided that always nearly all the votes were finally given in favor of candidates pre-chosen by the executive.

The story of the **coup d'etat** that subverted the Second French Republic and substituted a crude and cruel dictatorship, and, in the next year transformed that dictatorship into the Second French Empire, a spendthrift and dissolute but gaudy and glittering personal government which, within eighteen years, tottered through public regimentation, official jobbery and peculation, inept adventures in international relations, continued foreign wars, conscription, and almost bankruptcy, to the ultimate catastrophe of the Franco-Prussian war and irretrievable defeat at Sedan can be briefly related.

In the year 1849, during a period that must have been one of temporary aberration, the French people chose the reputed son of one of the brothers of Napoleon the Great to be the President of their young Republic. They knew little of him and that little was scarcely creditable. Since the defeat of his putative uncle at Waterloo, in 1815, all his years had been spent in exile, except those from 1840 to 1846 when he was imprisoned in a French fortress as penalty for a futile and fatuous attempt to seize the government of France. Apparently, the voters cared so little for the presidential candidates whom they knew better, General Cavaignac, Lamartine, Odilon Barrot, and a few others, that with general accord their choice turned to the aspirant whom they knew least of all. He was called Bonaparte and Napoleon, names that had connotations of victory and glory, long after their burdens of sacrifice and slaughter had ceased to be remembered by the masses. It might well have been written of this candidate at that time, as it was later written of another ambitious aspirant for high office:—

> ". . . his mind is not very clear, his purposes are not simple, and his methods are not direct. . . . He is a pleasant man who, without any important qualification for the office, would very much like to be President."

But he received much more than a majority of the votes and was elected. Promptly after his accession to the Presidency of France, Louis Napoleon began to assume unauthorized state, to pose among military surroundings, and to usurp powers denied by the republican constitution and highly undemocratic in character. How long the plot to seize autocratic powers was in process of incubation cannot now be known but before his **coup d'etat** the President had placed the command of the French army in the hands of fellow-conspirators and had made another conspirator chief of the Parisian police. Before daylight on December 2, the opposition leaders of Paris had been sought out, arrested without pretense of justification, and imprisoned; troops had invaded the halls of public legislation and excluded the legislators; and all Paris had been placarded with announcements of the usurpation. A principal feature of these announcements was the abolition of the independent national legislature, called, in English, the "National Assembly." The short proclamation of the usurper began with the sentence:—

"The National Assembly is dissolved."

France had, also, a high court of ultimate jurisdiction and plenary power which, had it been permitted to function in accordance with the constitution of the Republic, would have declared the outlawry and deposition of the President on account of these treasonable acts. The usurper, however, abolished that lofty tribunal too. Resistance was attempted, but the plot had been too subtly matured; there was a wanton massacre of patriots and innocent bystanders on December 4; a few of the more determined were executed, thousands were banished, and despotism reigned where freedom had ceased.

The President of the United States, within the last month, has related, in a weekly periodical and over his own signature, how, beginning early in 1937, he had succeeded, although his plan was rejected in Congress, in reducing the Supreme Court of this country to the level of a mere agency of the Executive Department and has made it, for the time being at least, practically incapable of exercising an independent judgment upon any portion of the political program of expedients and improvisation which he has chosen, or may from time to time choose, to adopt. Arthur Krock, that close observer and accurate recorder of Federal politics, has declared within the week through his column in **The Times** that there is already open discussion among New Dealers in Washington of the possibility of preventing the election of a Seventy-Eighth House of Representatives, as the Constitution requires, in November of 1942. At one of his press conferences last week, the President was asked about this suggested abrogation of the Constitution and refused to comment, precisely as he declined to speak when violation of the anti-third-term tradition was broached before 1940. Can it be that a people which, despite official preachments planned to awaken war-like ardors among them, remains substantially eighty per cent opposed to involvement in the present European and Asiatic conflicts, will not have the opportunity next year to elect members of Congress and Senators who are less amenable than those now in office to executive pressure towards the assumption of additional war risks and war burdens. The proposal to ignore the plain language of the Constitution, which requires biennial elections for members of the House of Representatives and one-third of the membership of the Senate, is so extreme that probably bringing it promptly into the open will be sufficient to effect its abandonment. Never-

Six Per Cent

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even large losses as from operations. Neither should it be needful to call attention to the fact that the suggestion has nothing whatever to do with profits from the armament program. Nor is there anything to be gained by pointing to the obvious fallacy in the argument that if "anybody" is to be asked to sacrifice, etc. Probably what the Secretary meant to say was that if everybody else is to be required to sacrifice, owners of corporations must likewise be required to do so. At least we may well give Mr. Morgenthau the benefit of doubt. There is question enough about the soundness of the argument even when such concessions are made.

But the really serious side of this matter is to be found elsewhere. The Secretary says that 6 per cent "ought to be enough." Precisely what does he mean by "ought to be?" The thoughtless or ill-informed observer—and the vast majority of the New Deal managers—almost invariably begin to argue such points by reference to some abstract principle of alleged justice, which, of course, is but another name for one's own idea of what is right and fair. Since the rank and file are much inclined to the view that practically any profit earned by a corporation is excessive, it is easy by ad hominem argument to "make a case" for a very low rate of return. Thus it is that one anti-business statute after another about taxes and a great many other things is readily taken to the statute books.

Such discussions fail by a wide margin, however, of going to the roots of the matter. They are akin to the much misinterpreted principle of levying taxes in accord with the ability to pay, interpretations which many times must have made Adam Smith turn in his grave. When taxation has reached the point it has long ago reached both here and abroad, the real question becomes not what is fair and just but what the levies imposed do and will do to the spirit of enterprise which keeps any economy alive and vigorous. It is grossly unfair not only to the owners of corporations but to every mother's son of us to impose taxes which place a dead hand upon business enterprise, which so limit the probabilities, not to say the possibilites, of profit that those who otherwise would enter upon business careers to supply the wants of the people are seriously deterred from doing so. A dead goose or an unhatched goose lays no eggs either in the form of tax payments or in terms of goods which must furnish the basis for reasonably abundant living.

The Secretary in suggesting taxation which goes far beyond the limits even of New Deal suggestions heretofore made is threatening to reduce the supply of future goods of all sorts, and in doing so, moreover, he is but carrying to a further extreme the typical New Deal conception of taxation. It would be follish to suppose that, once upon the statute books, such legislation would be easily expunged therefrom, regardless of defense programs or wars. Herein lies the serious danger of all such suggestions.

theless, it would be futile to deny that executive encroachment, during the period of the New Deal, has already gone almost as far in impairment of the independence and the co-ordinate status of the Legislative Department in the Federal trinity of equal powers as in the contemporaneous raid upon the Judicial Department. Earlier this year the able and experienced chairman of the Judiciary Committee of the House of Representatives felt called up to declare, in the course of a debate upon the floor:—

> ". . . during a great many years the Congress of the United States has not been, in a constitutional sense, the body where the public policy of the Government is fixed."—**Congressional Record, April 28, 1941**, p. 3429.

In his next sentence, however, Mr. Sumners, asserted his opinion that Congress must, in the public interest, presently resume its policy-making and policy-controlling functions. Executive encroachment upon and subversion of the legislative power has been subtle and insidious. The Constitution, for one thing, requires that the President shall, from time to time, advise the Congress concerning the condition of the Union and recommend the legislative measures that he believes to be desirable. Constitutional conduct on the part of the Chief Executive, and the dignity of Congress, would seem unmistakably to require that these communications should be formal and exclusive and that there should be no indirect or qualifying commitments, certainly not in matters of importance. Yet in the great majority of instances, under the New Deal, Congress has learned of circumstances of national significance through newspaper reports of press conferences, through fireside chatter by way of radio broadcasts, through speeches upon quasi-public occasions, even through letters to occasional correspondents and to individual Representatives or Senators who might be relied upon to publicize only so much of the executive communication as might seem calculated practically to advance the executive purpose. What is actually of still greater importance, has been an extending practice of forestalling Congressional action, achieved sometimes by bold commitments of the Executive to novel and sweeping policies that it would be embarrassing to members of the President's party to decline to accept after they have reached the stage at which definite legislative sanction must be obtained or the policy abandoned, but, more often, by similar commitments so ultimate in their consequences as to make their repudiation by subsequent legislative refusal to provide the legislative authority which ought to have been sought at the beginning inimical to some commanding public interest or injurious to the national dignity and pride. By these methods of indirection a great deal of weakening of the three-fold distribution of Federal powers has already been achieved. For the rest, coercion towards unquestioning acceptance of executive plans in legislation, oftener than not of measures of exclusively executive origination, has been a complex of patronage, in the forms of appointments to office and generous allotments out of blanket appropriations improvidently placed within executive disposition, supplemented by sheer audacity and browbeating insistence upon misleading interpretations of large majorities hitherto obtained at elections in which the actual substance of the Presidential policies was studiously concealed. By all these methods, and perhaps others less plainly revealed but no less unworthy, a condition has been achieved in which only occasional flashes of independence relieve a low level of unwilling and grudging Congressional subservience to Presidential demands.

It is a condition as dangerous to American freedom as was the condition of the legislative department of France immediately before the **coup d'etat** of December 2, 1851. It is additionally dangerous now and here, because the temporary enthrallment of the Supreme Court for the time being deprives the Constitution, that is to say the fundamental law which all the people legislated into existence, of any effective and immediate practical authority. Moreover, one-man legislation, legislation by any executive however he may be selected or continued in office, is rarely anything but arbitrary and always tends towards becoming more and more autocratic, if not actually whimsical and tyrannical. Everywhere and at all times, experience has demonstrated that in the deliberations of representative assemblies, where minds mingle that are equipped by experience gained in scattered localities with varying interests, preferences, and prejudices, lies the sole practical and dependable means of working out those progressive emendations of custom that are the only sane and safe measures of liberal and progressive legislation. In no country are the civil liberties and the personal rights of citizenship safe and secure, unless that country possesses a representative legislature, fully protected against, and immune to, executive intimidation, coercion, or control.

Editorial—

Debts And Taxes

Obscured for the time being by the forensic debate on national defense, the questions of debts and taxes are sure to outlive that problem and to plague us for an indefinite time to come. Financial changes are both the cause and effect of many others, especially in the field of governmental action. The tendencies set in motion by such feverish periods as the one we are passing through are likely to be far more permanent than the things immediately feared — and far more dangerous.

In the rush to speed the wheels of national defense, altogether too little attention is being paid to the costs and to the changes in national complexion necessarily involved in mountainous debts and taxes. Chief Justice John Marshall voiced the dictum that the power to tax involves the power to destroy. Whether the country will catch up with John Marshall and limit the powers and outlays of government sensibly is, perhaps, the most vital question we face.

To the degree that defense outlays actually are necessary and advisable, no one will quibble about costs. But the politicians and the military experts appear to be at odds regarding what constitutes defense. To the politicians it is a vast complex of world activities involving the projection of American might into every ocean and perhaps onto every continent. Lend-lease no longer is a mere matter of defense for so-called democracies, but an instrument of limitless use. And the cost will be enlarged to $13,000,000,000, on the revision of earlier estimates.

Whether lend-lease constitutes defense or a grand-scale intervention in external affairs is a matter that has not been adequately discussed by military experts. The chosen representatives of those who wanted lend-lease argued for it, but the military journals make it clear that a substantial body of opinion holds otherwise. The genuine military defense of the United States, many experts tell us, calls for a good navy, which we assuredly possess, and an adequate aerial armada.

Meanwhile, the funds pour out in the utmost haste, and the waste that is traditional in government is being augmented by the headlong hurry. Requests that non-defense expenditures, apart even from lend-lease and other arguable outlays, be curtailed are given lip-service in certain instances, but are disregarded almost as a matter of course. A joint Congressional committee finally is to study the possibility of reducing non-defense costs, under the new tax bill, but it remains to be seen whether this will be an effective method.

The costs pile up and under the new tax bill they will be brought home to millions next year, when income returns are to be filed. But those returns will afford no real index to the long-term trend that is changing the American scene in perturbing ways. "That government is best which governs least" is one of the soundest observations ever made by Thomas Jefferson. The corollary concerning excessive government needs no emphasis.

In a slim statistical pamphlet just published by the Tax Foundation, it is pointed out that at the beginning of the world war in 1914, Federal, State and local governments were collecting slightly more than $2,000,000,000 annually in taxes. But in 1940 the contributions were no less than $14,500,000,000, and even this vast sum only partly offset total expenditures.

Population increases and changed standards may have made some of the increase inevitable, but even after such factors are given due consideration, the advance remains tremendous. The ratio of taxes to national income in 1940 was 20%, but only 6% in the pre-war year of 1913. On a per capita basis, tax collections in 1940 approximated $100, but in 1913 were $22.66.

As for debts, it would hardly seem appropriate to consider current figures as indicative, but they nevertheless are both startling and instructive. The direct Federal debt now exceeds $50,000,000,000, and State and local debts are approximately $20,000,000,000. In 1913 the aggregate of Federal, State and local government debts was $5,721,000,000. The Federal budget for the next fiscal year, according to some preliminary surveys, will come to something like $32,000,000,000, and the anticipated deficit of more than $12,000,000,000 for this year will probably advance to $19,000,000,000 in the next fiscal period.

Governmental debts of $100,000,000,000 are in sight in a matter of less than two years, and in the careless waving aside of such mundane matters one of the Administration spokesmen predicted $300,000,000,000 of Federal indebtedness within a few more years. To mention inflation in connection with such figures is superfluous. More perturbing still are the arch-revolutionary forces implied in this movement.

From Washington

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at which he has been able to borrow.

The indications of their rapprochement seem to good to be true, Ronald Ransom, vice chairman of the Reserve Board, in Eccles' absence has been negotiating with Morgenthau and they are said to be getting along together splendidly. It may be true. It would be a matter of no small importance, if true.

The Navy is working intensely against the agitation in Congress for the House Naval Affairs Committee to investigate the alleged exorbitant profits in naval shipbuilding. Chairman Vinson of the committee is up in arms over the information in his possession and wants to blow the matter out of the water and then put a seven percent limitation on profits. But the Navy, for any number of reasons, doesn't want the business aired just at this time. The probability at this time is that it will prevail.

One of the most interesting agitations to develop in Washington officialdom in a long while is that to dismantle the defense army with a view to concentrating on the Navy and lend-lease as this country's contribution to the war. Walter Lippman first broached the subject serveral days ago, but it develops that an influential section of the New Deal originated the idea. It doesn't come from Mr. Roosevelt and certainly not from the Army, but it does come from a group that has the President's ear.

In the way in which agitations arise and spread in Washington it is not at all unlikely that this one will reach major proportions and possibly get somewhere. It certainly finds a receptive ear in Congress which is burning up, generally speaking, over the fact that after General Marshall insisted that he had to have an extension of the selectees' period of training or his army would be demoralized, he turned around and announced that 200,000 men would be released by Christmas.

The proposal runs, definitely counter, however, to what Lord Beaverbrook told Senators when he was in Washington. He told them that the idea that Hitler could be bombed into submission was the bunk; that an invasion of the continent would be needed and that Britain didn't intend to make the invasion without this country's going along.

Broader Lease-Lend Powers

President Roosevelt on Sept 16 appointed Edward R. Stettinius Jr., Lease-Lend Administrator, as his special assistant and delegated to him authority to sign his name to authorizations for aid to foreign countries under the lease-lend program. The President explained that the purpose of this action was to speed up the program. He told his press conference that there had been to much red tape from the time the lease-lend applications were made and final approval by the Government was given, adding that this period has been reduced from between 25 and 30 days to 16 days and that the latest action will cut the time another day. Mr. Stettinius will supply the President with a weekly report as to what applications have been signed. In his new capacity Mr. Stettinius will be paid $10,000 a year; he had been a dollar-a-year man in his previous position viz. Priorities Director of the Office of Production Management. His appointment as Lease-Lend Administrator was reported in these columns Aug. 30, page 1205.

Business Actively Up First Half September

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year ago, according to F. W. Dodge Corp. reports. The rise from July was substantial for all general types of construction but was most pronounced for publicly-financed projects. Awards for residential building continued to increase.

Distribution

Sales of general mechandise rose sharply in August and were at an extermely high level for this time of year. The Board's seasonally adjusted index of department store sales advanced to 133% of the 1923-25 average as compared with 115 in July and an average of 103 in the first half of this year. In the early part of September department store sales declined from the peak reached in the latter part of August.

Railroad freight-car loadings in August were maintained in the large volume reached in June and July. Coal shipments increased, following some reduction in July, while loadings of grain, which had been large since last spring, declined.

Commodity prices

Wholesale prices of most groups of commodities continued to advance from the middle of August to the middle of September. Prices of grains, other foodstuffs, and cotton showed large increases and there were advances also in prices of a number of industrial commodities not covered by Federal price ceilings. Fragmentary data available indicate that retail prices of foods and other commodities rose further during this period.

Agriculture

The outlook for agricultural production in 1941 showed little change during August. Crop prospects were reduced slightly by drought but aggregate crop production is expected to be 2% larger than last year, and the largest for any year except 1937. Total marketings of livestock and livestock products will probably be the largest on record. Preliminary estimates of the Department of Agriculture indicate that cash farm income, including Government payments, will be about $10,700,000, compared with $9,120,000,000 in 1940.

Bank credit

Commercial loans at reporting member banks in 101 cities continued to rise substantially during the four weeks ending Sept. 10. Bank holdings of United States Government securities showed little net change, while holdings of other securities increased somewhat at New York City banks. As a result of the expansion in loans and investments bank deposits continued to increase.

United States Government security market

Prices of Treasury bonds increased in the latter part of August but subsequently declined somewhat in the first part of September. On Sept. 15, the partially tax-exempt 2¾% 1960-65 bonds were yielding 2.06% compared with the record low yield of 2.02%. Yields on Treasury notes showed little change in the period.

Daily Average Crude Oil Production for Week Ended Sept. 20, 1941, Up 40,500 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for week ended Sept. 20, 1941 was 4,074,200 barrels. This was a gain of 40,500 barrels from the output of the preceding week and the current week's figures were above the 3,960,000 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during September. Daily average production for the four weeks ended Sept. 20, 1941, is estimated at 3,981,900 barrels. The daily average output for the week ended Sept. 21, 1940, totaled 3,621,050 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.4% 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, 3,995,000 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, 80,199,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 14,031,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	a B. of M. Calculated Requirements (September)	State Allowables	Actual Production Week Ended Sept. 20 1941	Change from Previous Week	4 Weeks Ended Sept. 20 1941	Week Ended Sept. 21 1940
Oklahoma	489,800	428,000	b 428,650	+ 11,550	427,950	404,250
Kansas	239,800	248,800	b 258,800	+ 14,750	246,650	201,700
Nebraska	5,000	------	b 6,750	— 600	7,200	250
Panhandle Texas			86,200	+ 900	84,300	78,250
North Texas			102,000	+ 600	101,200	97,700
West Central Texas			30,900	+ 100	30,800	29,900
West Texas			279,050	— 1,600	265,100	229,900
East Central Texas			84,750	— 500	83,900	74,750
East Texas			369,699	— 150	351,850	374,850
Southwest Texas			217,250	— 3,000	209,600	218,800
Coastal Texas			292,500	— 700	281,050	212,500
Total Texas	1,378,600	a1,406,362	1,462,250	— 4,350	1,407,800	1,316,650
North Louisiana			81,200	+ 750	80,000	65,500
Coastal Louisiana			253,750	— 1,550	254,600	219,150
Total Louisiana	324,000	328,646	334,950	— 800	334,600	284,650
Arkansas	79,000	76,013	75,800	+ 200	75,300	72,550
Mississippi	33,000		b 55,200	+ 1,600	53,200	27,000
Illinois	392,500		412,650	+ 18,600	400,950	354,150
Indiana	21,400		b 20,400	+ 700	20,350	17,950
Eastern (not incl. Ill. & Ind.)	99,800		93,550	+ 650	92,900	89,300
Michigan	39,500		52,000	+ 150	50,250	50,000
Wyoming	85,000		88,400	+ 4,900	83,400	77,800
Montana	20,200		20,600	+ 50	20,450	17,200
Colorado	4,500		4,950	+ 100	4,700	3,450
New Mexico	113,200	113,200	114,150	+ 400	113,850	97,150
Total East of Calif.	3,325,300		3,429,100	+ 47,900	3,339,550	3,014,050
California	634,700	d610,000	645,100	— 7,400	642,350	607,000
Total United States	3,960,000		4,074,200	+ 40,500	3,981,900	3,621,050

a 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 September. 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.

b Okla. Kans. Neb. Miss. Ind. figures are for week ended 7 a.m. Sept. 17th.

c This is the net basic 30-day allowable as of Sept. 1st but experience indicates that it will increase as new wells are completed, and if any upward revisions are made, Panhandle shutdown days are September 7, 14, 21 and 28th; with a few exceptions the rest of the state was ordered shut down on September 1, 6, 7, 13, 14, 20, 21, 27, 28 and 30th.

d 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 STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED SEPT. 20, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

District	Daily Refining Capacity Potential Rate	Daily Refining Capacity P. C. Reporting	Crude Runs to Stills Daily Aver.	Crude Runs to Stills P. C. Operated	Gasoline Produc'n at Refineries Incl. Natural Blended	Stocks Finished & Unfinished Gasoline	b Stocks of Gas Oil and Distillates	b Stocks of Residual Fuel Oil	c Stocks Aviation Gasoline
East Coast	673	100.0	605	89.9	1,790	19,394	17,645	10,042	E. Coast
Appalachian	166	83.8	142	102.2	506	2,968	618	553	669
Ind. Ill. Ky.	752	84.4	653	102.8	2,679	14,450	5,635	4,506	Interior
Okla. Kans. Mo.	413	80.7	311	93.4	1,212	6,599	2,091	2,019	1,269
Inland Texas	263	63.2	123	74.1	613	2,159	479	1,322	G. C'st
Texas Gulf	1,097	91.0	1,011	101.2	3,359	11,232	6,211	7,823	3,232
Louisiana Gulf	156	94.2	165	111.5	414	3,122	1,662	2,126	
No. La. & Arkan.	95	49.9	58	123.4	163	360	374	410	
Rocky Mountain	136	50.1	62	91.2	232	994	133	402	Calif.
California	787	90.9	513	71.7	1,658	13,551	12,699	64,377	1,984
Reported		86.4	3,643	92.9	12,626	74,829	47,547	93,580	7,154
Unreported			352		1,405	5,370	1,360	1,425	385
a Est. tot. U. S. Sept. 20, 1941	4,538		3,995		14,031	f80,199	48,907	95,005	7,539
a Est. tot. U. S. Sept. 13, 1941	4,538		4,010		13,460	80,555	47,271	95,753	7,452
U. S. B. of M. a Sept. 20, 1940			d 3,599		e 11,921	82,565	47,439	107,403	5,931

a Estimated Bureau of Mines' basis. b At refineries, bulk terminals, in transit and in pipe lines. c Included in finished and unfinished gasoline total. d Sept., 1940, daily average. e This is a week's production based on U. S. Bureau of Mines Sept., 1940, daily average. f Finished, 72,627,000 bbl.; unfinished, 7,572,000 bbl.

Imports and Receipts

Because of changes in the Bureau of Mines' definitions of "Imports" and "Exports" put into effect with the publication last week of its statement covering operations during the month of July, which changes amount to an elimination of entries into bonded warehouses as "imports" unless or until they are actually withdrawn for domestic use, and the placing of its export figures on a true basis of domestic exports,—moves which the institute has long advocated and with which it is in thorough accord due to the complications inherent in "shuttle" and "in bond" operations generally, the Institute finds it advisable temporarily to withdraw its import figures until such time as the machinery necessary for the weekly collection of this information on a strictly "imports for consumption" basis can be set up. The American Petroleum Institute, following its policy of closely adhering to Bureau of Mines definitions, had been reporting, along with the Bureau, on a "general imports" basis.

There were no receipts of California oil at Atlantic or Gulf Coast ports during the week ended Sept. 20th.

Hereafter no mention will be made of receipts unless material is actually received here.

The State Of Trade

Business activity, especially in the non-defense areas, is beginning to reflect in a marked way increasingly heavy handicaps. There is widespread apprehension concerning the labor situation, especially as it concerns steel and shipping. As soon as the steel unions have completed drives now in progress among independents, some look for new closed shop campaigns, with or without the checkoff. Higher wage demands, based principally on the argument that living costs have gone up, are again in evidence.

Another factor taking heavy toll in non-defense business and industrial areas is the government monopoly of material and labor for defense purposes. Gov. Murray D. Van Wagoner, denying that he was an "alarmist," said today that the nation would be plunged into another great depression within three months unless defense priorities on labor and materials are liberalized for civilian industries. He stated: "that unless the priorities starvation now facing our small industries in Michigan is relieved, Michigan faces a welfare and economic problem far worse than the depth of the last depression." It is said that this situation can be paralleled in not a few industrial areas.

Growing concern over the fate of non-defense industries in Greater New York to-day prompted the Commerce and Industry Association to institute a survey of priorities problems. Armed with the factual picture, the association plans to carry the problem directly to federal authorities at the end of the survey in the hope of providing information that will help make the dislocation among the city's firms as less severe as possible.

Governor Van Wagoner's warning is reinforced by the prediction of the National Association of Manufacturers that within the next six months 3,000,000 persons now employed in producing for civilian needs will be unemployed or working part time.

Spreading shutdowns in non-defense industries, due to materials shortages, found reflection to-day in an unseasonal drop of 1.5 per cent in production of electricity during the last week, as reported by the Edison Electric Institute.

Normally, it was pointed out, production and likewise demand to which it is geared, should have recorded a substantial increase over the preceding week. But output dropped during the period to 3,232,192,000 k.w.h. These figures represent a gain of 16.7 per cent compared with the same week last year.

September steel orders average 30 to 45 per cent under August tonnages, but even with this reduced volume of new business equaled shipments so that backlogs continued high, "Iron Age" observed to-day.

Incoming business, most of which is either directly or indirectly for defense, indicates that steel consumers requiring materials for non-essential uses can expect little or no steel, at least for a while, the weekly review stated.

In a further move to curb the growing tendency toward monetary inflation, the Federal Reserve Board increased reserve requirements for members banks to the present statutory limit, effective November 1st, it was disclosed jointly by the Board and the Treasury Department. This action will result in a reduction of excess reserves from about $5,200,000,000 to about $4,000,000,000 for member banks taken as a whole.

Action of the Board follows conferences with Secretary of the Treasury Morgenthau over the past several months, which probed into the entire inflation picture and included discussion of plans to prevent a further rise in the cost of living.

Retail sales gains over last year are expanding again, following several weeks of reaction from the consumers' buying rush of August. Department store sales last week, for example, are estimated to have run some 20 per cent above the same week last year. This was a marked widening of sales gain recorded for the previous week when trade was 8 per cent higher than last year. The August buying rush sent retail indices to all-time peaks, the Federal Reserve Board index of department store sales reaching 135 per cent of the 1923-25 average. While a marked decline from this level is anticipated, the index is not expected to dip below 115, the highest monthly level in 1929.

Revenue Freight Car Loadings During Week Ended Sept. 13, 1941 Reaches 913,952 Cars

Loading of revenue freight for the week ended Sept. 13 totaled 913,952 cars, the Association of American Railroads announced on Sept. 18. This was an increase of 109,687 cars or 13.6% above the corresponding week in 1940, and an increase of 113,521 cars or 14.2% above the same week in 1939.

Loading of revenue freight for the week of Sept. 13, was an increase of 116,212 cars or 14.6% above the preceding week, which included a holiday.

Miscellaneous freight loading totaled 390,866 cars, an increase of 53,274 cars above the preceding week, and an increase of 68,325 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 158,787 cars an increase of 20,389 cars above the preceding week, and an increase of 2,345 cars above the corresponding week in 1940.

Coal loading amounted to 171,730 cars, an increase of 21,589 cars above the preceding week, and an increase of 31,609 cars above the corresponding week in 1940.

Grain and grain products loading totaled 45,045 cars, an increase of 8,167 cars above the preceding week, and an increase of 2,551 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Sept. 13, totaled 30,267 cars, an increase of 5,376 cars above the preceding week, and an increase of 2,278 cars above the corresponding week in 1940.

Live stock loading amounted to 14,453 cars, an increase of 1,836 cars above the preceding week, but a decrease of 2,926 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of September 13 totaled 11,167 cars, an increase of 1,653 cars above the preceding week, but a decrease of 2,722 cars below the corresponding week in 1940.

Forest products loading totaled 45,655 cars, an increase of 6,969 cars above the preceding week, and an increase of 5,217 cars above the corresponding week in 1940.

Ore loading amounted to 74,448 cars, an increase of 3.646 cars above the preceding week, and an increase of 1,820 cars above the corresponding week in 1940.

Coke loading amounted to 12,968 cars, an increase of 342 cars above the preceding week, and an increase of 1,820 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding weeks in 1940 and 1939.

	1941	1940	1939
4 weeks of January	2,740,095	2,557,735	2,288,730
4 weeks of February	2,824,188	2,488,879	2,282,866
5 weeks of March	3,817,918	3,123,916	2,976,655
4 weeks of April	2,793,563	2,495,212	2,225,188
5 weeks of May	4,160,527	3,351,840	2,926,408
4 weeks of June	3,510,137	2.896,953	2,563,953
4 weeks of July	3,413,427	2,822,450	2,532,236
5 weeks of August	4,464,458	3,717,933	3,387,672
Week of September 6	797,740	695,094	662,357
Week of September 13	913,952	804,265	800,431
Total	29,436,005	24,954,277	22,646,496

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 13, 1941, During this period 109 roads showed increases when compared with the same week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED SEPT. 6

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Eastern District—					
Ann Arbor	588	571	687	1,492	1,435
Bangor & Aroostook	983	813	1,074	292	177
Boston & Maine	9,182	7,561	8,248	13,456	10,394
Chicago, Indianapolis & Louisville	1,696	1,483	1,815	2,586	2,414
Central Indiana	17	13	16	77	34
Central Vermont	1,539	1,375	1,405	2,599	2,109
Delaware & Hudson	7,119	5,680	5,719	11,111	8,258
Delaware, Lackawanna & Western	9,809	9,323	10,985	9,246	7,581
Detroit & Mackinac	297	393	367	157	159
Detroit, Toledo & Ironton	2,447	1,982	1,909	1,312	1,448
Detroit & Toledo Shore Line	350	288	284	4,065	2,978
Erie	15,226	13,981	14,650	15,707	13,874
Grand Trunk Western	5,614	4,749	4,580	8,986	7,521
Lehigh & Hudson River	160	195	179	2,738	2,405
Lehigh & New England	1,875	2,517	2,516	2,028	1,554
Lehigh Valley	10,511	9,951	10,486	9,823	7,390
Maine Central	2,634	2,642	3,029	2,266	1,974
Monongahela	6,587	5,331	4,508	314	243
Montour	2,557	2,365	2,202	59	58
New York Central Lines	53,942	45,758	45,632	55,038	44,717
N. Y., N. H. & Hartford	12,566	10,494	10,702	15,962	13.002
New York, Ontario & Western	1,223	1,024	1,087	2,333	1,820
N. Y., Chicago & St. Louis	7,507	6,694	7,148	14,232	11,323
N. Y., Susquehanna & Western	548	370	517	1,658	1,608
Pittsburgh & Lake Erie	8,677	7,613	6,390	9,033	8,392
Pere Marquette	6,341	6,127	5,979	6,633	5,457
Pittsburgh & Shawmut	788	868	606	46	62
Pittsburgh, Shawmut & North	459	409	420	482	211
Pittsburgh & West Virginia	1,167	884	1,102	2,425	2,130
Rutland	625	648	713	1,205	900
Wabash	6,297	5,968	6,231	10,523	9,419
Wheeling & Lake Erie	5,673	4,989	5,330	4,300	3,688
Total	185,004	163,059	166,516	212,184	174,735
Allegheny District—					
Akron, Canton & Youngstown	749	534	474	1,166	957
Baltimore & Ohio	43,276	35,915	35,083	22.827	18 494
Bessemer & Lake Erie	6,891	6,357	5,361	2,416	2,530
Buffalo Creek & Gauley	276	309	295	4	4
Cambria & Indiana	1.895	1,361	1,341	11	9
Central R.R. of New Jersey	8,778	6,910	7,243	16,909	12,631
Cornwall	701	665	632	66	58
Cumberland & Pennsylvania	325	248	265	34	44
Ligonier Valley	118	135	134	57	37
Long Island	964	753	531	3,029	2,665
Penn-Reading Seashore Lines	2,313	1,751	1,662	2,211	1,533
Pennsylvania System	93.615	76,077	69,872	61,560	47,923
Reading Co.	18,057	16,457	14,413	24,486	19,127
Union (Pittsburgh)	19,322	19.772	13 277	[illegible]	[illegible]
Western Maryland	4,611	3,472	4,054	9,981	7,414
Total	201,891	170,716	154,637	151,776	119,883
Pocahontas District—					
Chesapeake & Ohio	30,792	25,079	28,365	13,651	11,863
Norfolk & Western	25,099	21,869	22,204	6,325	5,430
Virginian	4,831	4,679	4,709	1,939	1,595
Total	60,722	51,627	55,278	21,915	18,888

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Southern District—	1941	1940	1939	1941	1940
Alabama, Tennessee & Northern	411	223	278	228	205
Atl. & W. P.—W. R.R. of Ala.	968	811	854	1,837	1,562
Atlanta, Birmingham & Coast	880	683	637	1,051	713
Atlantic Coast Line	11,028	10,056	9,217	6,688	5,370
Central of Georgia	4,565	4,392	4,328	3,943	2,942
Charleston & Western Carolina	439	446	509	1,493	1,203
Clinchfield	1,841	1,318	1,374	2,738	1,983
Columbus & Greenville	376	252	531	397	305
Durham & Southern	217	172	191	514	376
Florida East Coast	454	425	447	970	755
Gainsville Midland	52	35	31	73	175
Georgia	1,226	1,061	1,073	1,987	1,692
Georgia & Florida	361	304	368	592	409
Gulf, Mobile & Ohio	4,483	3,328	*1,856	3,216	3,187
Illinois Central System	28,567	23,820	26,570	14,434	12,143
Louisville & Nashville	26,849	22,966	26,140	8,389	5,955
Macon, Dublin & Savannah	179	135	156	708	498
Mississippi Central	227	178	258	394	257
Nashville, Chattanooga & St. L.	3,570	3,033	3,092	3,272	2,806
Norfolk Southern	1,471	1,222	1,307	1,393	1,353
Piedmont Northern	516	400	461	1,453	1,047
Richmond Fred. & Potomac	449	391	369	5,016	3,361
Seaboard Air Line	9,950	9,026	8,803	6,447	4,438
Southern System	25,052	22,320	22,724	19,750	15,097
Tennessee Central	563	419	460	772	671
Winston-Salem Southbound	154	167	159	1,052	963
Total	124,848	107,583	114,088	88,807	69,466
Northwestern District—					
Chicago & North Western	23.628	22,761	21,574	13,505	11,432
Chicago Great Western	3,286	2,727	2,764	3,604	2,875
Chicago, Milw., St. P. & Pac.	24,431	22,287	22,257	9,849	8,675
Chicago, St. P., Minn. & Omaha	4,330	4,651	4,436	4,475	4,329
Duluth, Missabe & Iron Range	23,718	22,274	14,255	279	258
Duluth, South Shore & Atlantic	1,296	1,306	1,478	495	500
Elgin, Joliet & Eastern	10,606	9,513	7,711	9,887	7,042
Ft. Dodge, Des Moines & South	790	620	510	173	190
Great Northern	26,905	25,403	22,649	4,426	3,474
Green Bay & Western	636	550	679	776	624
Lake Superior & Ishpeming	2,244	3,465	3,366	92	72
Minneapolis & St. Louis	2,134	2,240	2,007	2,229	2,084
Minn., St. Paul & S. S. M.	8,346	9,034	8,417	3,291	2,866
Northern Pacific	12,274	12,152	11,318	4,903	3,642
Spokane International	182	317	243	379	293
Spokane, Portland & Seattle	2,841	2,272	1,907	1,425	1,961
Total	147,647	141,572	125,571	59,788	50,317
Central Western District—					
Atch. Top. & Santa Fe System	22,736	20,738	23,713	9,305	6,332
Alton	3,576	3,098	3,690	3,038	2,232
Bingham & Garfield	657	479	291	108	76
Chicago, Burlington & Quincy	18,991	16,168	17,955	11,010	9,089
Chicago & Illinois Midland	2,951	2,036	1,841	987	741
Chicago, Rock Island & Pacific	14,180	13,272	13,812	10,756	9,578
Chicago & Eastern Illinois	2,906	2,713	2,842	3,017	2,730
Colorado & Southern	883	727	938	1,796	1,416
Denver & Rio Grande Western	4,502	4,114	3,849	4,628	3,694
Denver & Salt Lake	1,010	908	912	27	20
Fort Worth & Denver City	1,006	931	1,160	1,225	963
Illinois Terminal	1,996	1,889	1,963	2,211	1,384
Missouri-Illinois	1,196	1,008	1,293	774	392
Nevada Northern	1,910	1,825	1,421	113	125
North Western Pacific	1,205	826	836	586	424
Peoria & Pekin Union	9	10	20	0	0
Southern Pacific (Pacific)	31,337	27,159	28,083	7,593	5,204
Toledo, Peoria & Western	372	381	389	1,637	1,299
Union Pacific System	18,623	15,864	17,516	12,932	10,259
Utah	535	483	609	7	14
Western Pacific	2,628	1,948	2,124	3,175	2,559
Total	133,209	116,577	125,257	74,925	58,531
Southwestern District—					
Burlington-Rock Island	159	137	201	188	237
Gulf Coast Lines	3,109	2,620	2,426	2,082	1,412
International-Great Northern	2,191	2,167	2,359	2,359	1,797
Kansas, Oklahoma & Gulf	214	202	319	1,105	881
Kansas City Southern	2,640	2,260	1,925	2,866	1,960
Louisiana & Arkansas	2,623	2,001	2,173	2,240	1,496
Litchfield & Madison	361	352	356	1,245	1,056
Midland Valley	955	602	783	246	219
Missouri & Arkansas	167	206	183	408	324
Missouri-Kansas-Texas Lines	4,646	4,739	5,385	3,937	2,901
Missouri Pacific	18,107	15,415	17,447	12,609	9,357
Quanah Acme & Pacific	130	103	94	162	96
St. Louis-San Francisco	9,561	7,885	9,022	5,854	4,683
St. Louis Southwestern	3,072	2,487	3,277	3,407	2,231
Texas & New Orleans	8,370	7,790	8,081	4,122	2,894
Texas & Pacific	4,190	4,012	4,835	4,815	3,510
Wichita Falls & Southern	114	139	196	61	41
Weatherford M. W. & N. W.	22	14	22	58	24
Total	60,631	53,131	59,084	47,764	35,119

Note—Previous year's figures revised. * Previous figures. x Gulf Mobile & Northern only.

Petroleum And Its Products

The gasoline shortage still exists on the East Coast and rationing will be continued by the Office of the Petroleum Coordinator, Harold L. Ickes declared in Washington this week. Statistics covering the September 13 period showing a sharper rate of decline in stocks than at the comparable period a year earlier were cited by the PCO head at his press conference. Mr. Ickes, however reiterated that the Government does not plan card rationing at this time, and it would not resort to such tactics except as a last resort.

The Eastern oil crisis is now "in the lap of time" and only the passing weeks "will tell the story." Mr. Ickes declared. The pledge of the oil companies to use all available railroad tank cars for the movement of crude oil and the railroads' assertions that they have plenty of "idle" tank cars for such movements will bring about a decision within a short time of the accuracy of the railroads' statements that they had sufficient tank cars, it was pointed out. Whether shipments of crude by rail reach the 200,000-barrel daily volume estimated by the roads remains to be seen, Mr. Ickes said.

Despite the refusal of the SPAB to grant steel priorities for the construction of the giant crude oil pipeline from the Texas-Louisiana producing fields to the Philadelphia-New York refining area, the Federal Oil Co-ordinator's Office has not given up this project. The Priorities Division, while refusing priorities on the steel plates originally scheduled for the construction of the $80,000,000-pipeline, will permit the use of seamless steel tubing although this will take twice as much time as the steel plate construction job which is contrary to the Co-ordinator's program of quick relief for the shortage-threatened East Coast.

In response to a question as to whether or not he planned to appeal to President Roosevelt against the SPAB decision, Mr. Ickes said that he doubted that he would recourse to such action. He stressed however, that he probably would vigorously renew his request that the pipeline be constructed. Should he be unsuccessful, it is possible that curtailment of gasoline consumption would have to be much more than 15 per cent in the East Coast area, Mr. Ickes stated. The line originally was proposed under the Cole pipeline bill, which had the direct backing of President Roosevelt, so if Mr. Ickes makes a point of it with the White House, it might result in action to make the SPAB consider its flat refusal.

The companies operating the three or four pipelines running from the East to the Middle West area have been asked to reverse the flow and instead of pumping gasoline out of the former to pump crude oil in from the Middle West, Mr. Ickes disclosed. Unless the few companies still pumping gasoline out of the East into other areas reverse their flow, Mr. Ickes said, "we will take steps to see that they do it. We are trying to cooperate with the companies but I can be just as arbitrary as some of those outside the co-ordinator's office, if necessary."

The Petroleum Co-ordinator refused to comment upon the report of the Maloney Senate committee, which ruled that there was no actual shortage either of petroleum products or of transportation facilities to move them but rather a "shortage of surplus"; saying that he had no intention of asking the Committee to hear him upon the subject since Deputy Co-ordinator Ralph K. Davies had made a "very good statement" in his appearances before the Committee. In response to questions as to whether or not further curtailment of gasoline supplies was likely in the East, Mr. Ickes said that while consumption had been cut down materially, should the pipeline project be checked, it might force further curtailment.

Acting to avert a possible oil shortage on the Pacific Coast because of the diversion of tankers to the East Coast earlier in the summer and later to the U. S.-Russia run, Mr. Ickes on September 22 formally recommended to the Industry Transportation Committee for this area that they act for more efficient utilization of existing tanker facilities and take such other action as may be necessary "to prevent an acute shortage of supplies." The formal recommendation followed the earlier sending of a telegram to the general industry chairman for the West Coast area, urging the industry to eliminate all possible waste practices in transportation methods and immediately press into service all possible transport facilities.

Although Mr. Ickes gave no figures on how many tankers had been moved from the West Coast area or on the statistics covering oil stocks there, he said that steps must be taken immediately to avert an actual shortage of petroleum products. "By moving in on this situation before it reaches the stage of an actual shortage, it is the hope of this office," he said, "that the Pacific Northwest and other coastal areas dependent upon tankers will be assured a continuing supply of products to the extent at least of their necessary minimum requirements." He added that the alternative would be "more drastic steps, such as the placing of curbs upon consumption."

More than 300 delegates to the annual convention of the National Petroleum Association in Atlantic City this week heard Deputy Pet-

(Continued on Page 310)

Petroleum And Its Products

(Continued from Page 309)

roleum Co-ordinator Ralph K. Davies criticize the industry for its "silence" during the recent disputes over gasoline shortages in the East Coast area as he told them that instead of letting the Office of the Petroleum Co-ordinator do all the talking, oil men should themselves tell the public of the facts and voice their support of the action taken by the PCO.

"A little more vocal participation and a little less profound silence would go a long way toward enlisting public support and dissipating distrust and suspicion," he said. "The abundance or lack of petroleum has tremendous repercussions in public opinion. You could hardly be unaware of the agitation that has occurred in connection with the supply situation. Yet in the midst of this, the industry has been almost completely silent.

"With one or two exceptions—and those notable indeed—no one from the industry has stepped forward to confirm the many facts that all of us must recognize, but which yet seem dubious to the public. The industry has left it to the Office of the Petroleum Co-ordinator to do the talking for it. We can tell the facts—and we can reiterate the facts—but it certainly would have made an impression upon the public if the industry were to assume some responsibility in this direction."

Daily average market demand for crude oil during October will pass the 4,000,000-mark for the first time in the industry's history. The regular monthly market demand forecast of the United States Bureau of Mines this week estimated next month's average crude needs at 4,012,900 barrels, which is 52,900 barrels above the September estimate, and 11 per cent ahead of actual demand for crude oil in October last year.

For the second consecutive week, daily average crude oil production in the United States hit a new high when the total for the September 20 week rose 40,500 barrels to 4,074,200 barrels, according to the American Petroleum Institute. The September market demand estimate was 3,960,000 barrels, which meant the September 20 total was about 114,000 barrels above the indicated demand. Illinois, where new fields and more intensive drilling has brought this state's production up steadily in recent weeks, Kansas and Oklahoma showed the sharpest gain with California and Texas reporting lower totals. Stocks of domestic and foreign crude oil were off 1,364,000 barrels during the September 13 week, the Bureau of Mines report, to 246,164,000 barrels American crude stocks were off 1,673,000 barrels, but this was partially offset by a gain of 309,000 barrels in stocks of imported crude.

There were no crude oil price changes posted during the week.

Refined Products

The sustained improvement in domestic demand for gasoline, spurred by the broadened industrial activity in response to defense efforts, will continue in October with demand for next month set at 59,700,000 barrels in the regular monthly demand forecast of the United States Bureau of Mines, which is 11 per cent ahead of actual consumption in the comparable period a year ago.

Readjustment of allotments of gasoline in the East Coast to cope with special local conditions whereby demand for motor fuel has either expanded or contracted sharply was recommended by the Office of Petroleum Co-ordinator this week. East Coast suppliers were urged by the PCO to shift surpluses of motor fuel from one State or locality to another in

(Continued on Page 311)

Electric Output for Week Ended Sept. 20, 1941, Shows Gain of 16.7% 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 Sept. 20, 1941, was 3,232,192,000 kwh. The current week's output is 16.7% above the output of the corresponding week of 1940, when production totaled 2,769,346,000 kwh. The output for the week ended Sept. 13, 1941, was estimated to be 3,281,290,000 kwh., and increase of 18.3%, over the like week a year ago.

PERCENTAGE INCREASE FROM PREVIOUS YEAR

Major Geographic Regions	*Week Ended Sept. 20, '41*	*Week Ended Sept. 13, '41*	*Week Ended Sept. 6, '41*	*Week Ended Aug. 30, '41*
New England	18.4	19.6	21.6	22.5
Middle Atlantic	14.2	16.1	16.1	16.0
Central Industrial	18.2	19.6	21.9	19.3
West Central	13.6	13.8	17.5	12.1
Southern States	22.6	27.1	27.4	24.8
Rocky Mountain	10.3	7.4	7.7	8.5
Pacific Coast	x10.7	x10.8	x10.8	x10.5
Total United States	16.7	18.3	19.4	17.8

x Percentage should be higher; data under revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended	1941	1940	*Percent Change* 1941 *from* 1940	1939	1938	1937
May 3	2,914,882	2,503,899	+16.4	2,224,723	1,992,161	2,225,194
May 10	2,975,024	2,515,515	+18.3	2,238,826	2,019,065	2,242,421
May 17	2,982,715	2,550,071	+17.0	2,234,592	2,023,830	2,249,305
May 24	3,011,754	2,588,821	+16.3	2,277,749	2,030,754	2,251,995
May 31	2,924,460	2,477,689	+18.0	2,186,394	1,936,597	2,176,399
June 7	3,042,128	2,598,812	+17.1	2,328,756	2,056,509	2,266,759
June 14	3,066,047	2,664,853	+15.1	2,340,571	2,051,006	2,260,771
June 21	3,055,841	2,653,788	+15.2	2,362,436	2,082,232	2,287,420
June 28	3,120,780	2,659,325	+17.3	2,395,857	2,074,014	2,285,362
July 5	2,866,865	2,425,229	+18.2	2,145,033	1,937,486	2,139,281
July 12	3,141,158	2,651,626	+18.5	2,402,893	2,154,099	2,358,438
July 19	3,162,586	2,681,071	+18.0	2,377,902	2,152,779	2,321,531
July 26	3,183,925	2,760,935	+15.3	2,426,631	2,159,667	2,312,104
Aug. 2	3,226,141	2,762,240	+16.8	2,399,805	2,193,750	2,341,103
Aug. 9	3,195,009	2,743,284	+16.5	2,413,600	2,198,266	2,360,9[illegible]0
Aug. 16	3,200,818	2,745,697	+16.6	2,453,556	2,206,560	2,365,859
Aug. 23	3,193,404	2,714,193	+17.7	2,434,101	2,202,454	2,351,233
Aug. 30	3,223,609	2,736,224	+17.8	2,442,021	2,216,648	2,380,301
Sept 6	3,095,746	2,591,957	+19.4	2,375,852	2,109,985	2,211,398
Sept 13	3,281,290	2,773,177	+18.3	2,532,014	2,279,233	2,338,370
Sept 20	3,232,192	2,769,346	+16.7	2,538,118	2,211,059	2,231,277
Sept 27		2,816,358		2,558,538	2,207,942	2,331,415

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	*Percent Change* 1941 *from* 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July		11,616,238	---	10,185,255	9,170,375	10,036,410
August		11,924,381	---	10,785,902	9,801,770	10,308,884
September		11,484,529	---	10,653,197	9,486,866	9,908,314
October		12,474,727	---	11,289,617	9,844,519	10,065,805
November		12,213,543	---		[illegible]195	9,506,495
December		12,842,218	---	11,476,294	10,372,602	9,717,471
Total for yr.		138,653,997		124,502,309	111,557,727	117,141,591

Steel Plant Operations Estimated at 97.5%

The "Iron Age" in its issue of Sept. 25 reported that reflecting the activity of steel plants, U. S. blast furnace consumption of iron ore in August reached a new record of 6,393,215 gross tons, bringing total consumption for 1941 through Sept. 1 to 48,681,413 gross tons, an unprecedented high mark. Winter ore reserves at U. S. furnaces have now been built up to 31,330,782 tons, compared with 27,333,285 tons a month earlier. Steel plant operations this week are estimated by the "Iron Age" at 97.5% of capacity, up a half point from last week's revised figure of 97%. The increase was due to stronger operating schedules in the Pittsburgh, Chicago, Philadelphia and Southern Ohio River areas. Some loss of steel was reported in a Kansas City plant where production was stopped temporarily because of a utility company strike.

In September steel orders taken by various producers have run from 30 to 45% below the volumes booked in August but even at this reduced rate new business has equaled shipments, resulting in no reductions in backlogs. An analysis of incoming business, most of which is either directly or indirectly for defense, suggests that steel consumers requiring material for non-essential uses can expect little or no steel, at least for a time. The volume of priority ratings issued by the OPM for steel uses indicates that soon all orders will be "rated tonnage."

Steel plates remain a problem although shipyards, both Naval and private, have ben for the most part cleared of charges that they are hoarding material. A check of private yards on the East Coast showed little piling up of material while the Navy Department has sent representatives on a tour of plate mills to speed production and rearrange schedules permitting shipments to yards where stocks are low. Meanwhile, the heavy volume of A-1-a preference ratings on such items as plates and shapes has pushed back delivery on other steel orders with lower preference ratings which, by a common sense yardstick, are just as important. For example: The OPM has insisted that more steel be used for freight car plates, which have an A-3 rating, during September and October than for other plate requirements with a higher rating. Such distribution difficulties will have to be settled by the OPM.

While steel plants and many hundreds of steel consumers are straining for still higher production, in answer to pleas like that of William S. Knudsen, OPM Director General, for overtime work for all, the strike still seems to be regarded as a luxury which the country can afford even in a defense plant. Up to Tuesday, (Sept. 23) of this week an outlaw strike of SWOC millwrights, machinists, boiler makers and welders has caused a full week's shutdown at Carnegie-Illinois Steel Corp.'s McDonald (Ohio) bar and sheet mills. Loss of production which cannot be made up, because the mills were previously working at capacity, is estimated at 26,000 tons of finished steel products. The dispute—one of those getting little publicity but which are quietly cutting away at the national defense program—started when some skilled workmen walked out in protest against the hiring of apprentices and stopped production on structural shapes, universal plates, strip steel, reinforcing bars, and other items which are greatly in demand for defense purposes.

Last week complete allocation was made of approximately 280,000 tons of steel for October and November delivery to the British. Of this amount approximately 50,000 tons was slabs, 60,000 tons billets, and about 150,000 tons ingots. Since the British are not accepting bessemer steel ingots, the furnishing of open hearth steel ingots for export will continue to affect production of American bar mills.

Almost one million tons of steel rails needed to replace worn-out trackage in 1942 have either been ordered or allocated to various companies. This tonnage represents the greater portion of 1942 requirements. The mills are interpreting steel rails which are for specific replacement of wornout materials to come under the general classifications of repairs and maintenance and an A-10 rating is being assigned to such requirements. Reinforcing bar makers this week, remembering that their plants are running almost 100% for national defense, including munitions plants and other direct defense needs, reflected wide-eyed, on the 22,500 tons of concrete bars which is required by the War Department for construction of a new office building at Washington. Concrete bar makers have received inquiries in the past week for 80,000 tons of concrete bars to be used in construction of concrete barges. On the west coast, where concrete bar demand has been taxing all available facilities, the Bureau of Reclamation has been attempting to buy 8,000 tons of concrete bars for work at Odair, Wash.

This week's awards of reinforcing steel calls for 16,700 tons and include 6,000 tons at Azusa, Cal., for the Santa Fe Dam, 4,000 tons at Marion, Ill., for the Crab Orchard Ordnance Works, and 3,000 tons for a fleet operating base at San Pedro, Cal.

Fabricated structural steel awards total 32,900 tons, against 15,600 tons last week, and included 18,000 tons for four warehouses at Burns City, Ind. Other sizeable lettings were 3,500 tons for the Navy base at San Pedro, Cal., and 2,286 tons for a lift bridge at the Philadelphia Navy Yard.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Sept. 23, 1941, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

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.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Sept. 23, 1941, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	22.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	22.61	Sep 19	20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 11
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	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	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Sept. 23, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.29

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	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	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Sept. 22, 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 96.8% of capacity for the week beginning Sept. 22, compared with figure of 96.1% one week ago, 96.5% one month ago and 92.5% one year ago. This represents an increase of 0.2 points, or 0.7%, from the preceding week. Weekly indicated rates of steel operations since Oct. 7, 1940, follow:

1940—		Dec 30	95.9%	Mar 24	99.8%	Jun 23	99.9%
Oct 7	94.2%	**1941—**		Mar 31	99.2%	Jun 30	x91.8%
Oct 14	94.4%	Jan 6	97.2%	Apr 7	99.3%	Jly 7	x94.9%
Oct 21	94.9%	Jan 13	98.5%	Apr 14	98.3%	Jly 14	x95.2%
Oct 28	95.7%	Jan 20	96.5%	Apr 21	96.0%	Jly 21	x96.0%
Nov 4	96.0%	Jan 27	97.1%	Apr 28	94.3%	Jly 28	x97.6%
Nov 11	96.1%	Feb 3	96.9%	May 5	96.8%	Aug 4	x96.3%
Nov 18	96.6%	Feb 10	97.1%	May 12	99.2%	Aug 11	x95.6%
Nov 25	96.6%	Feb 17	94.6%	May 19	99.9%	Aug 18	x96.2%
Dec 2	96.9%	Feb 24	96.3%	May 26	98.6%	Aug 25	x96.5%
Dec 9	96.0%	Mar 3	97.5%	Jun 2	99.2%	Sep 2	x96.3%
Dec 16	96.8%	Mar 10	98.8%	Jun 9	98.6%	Sep 8	96.9%
Dec 23	80.8%	Mar 17	99.4%	Jun 16	99.0%	Sep 15	96.1%
						Sep 22	96.8%

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

"Steel" of Cleveland, in its summary of the iron and steel markets on September 22, stated:

Grave results are feared by the steel industry as a result of the scarcity of scrap, which is becoming more threatening each week. Such supplies as were obtained prior to Sept. 2, when ceiling prices were resumed, have been consumed and efforts to obtain further adequate supply while adhering to announced maximum prices have been unsuccessful.

While some foundries are evading the regulation in order to obtain material for continued operation, practically all steel mills are observing the schedule. Washington apparently believes the industry is not sincere in its complaint of restricted supplies because of prices being set too low. Some trade leaders take the position that the only reason some mills were not forced to shut down some time ago was that they had paid over the scale and thus obtained material to continue production. They believe strict compliance with the ruling will result in mill shutdowns. While some allocations may be made by the government, this will not enlarge the supply but simply cause a change in distribution.

Steel buying in general has declined markedly, in some instances as much as 30% in recent days. Some users with orders on mill books far ahead see no need for further purchases, especially as deliveries are slow. Those without orders on books find little likelihood of delivery without priority. More and more nondefense manufacturers are obtaining defense work and with priority rating are in better position.

Plates are the heaviest burden on mills and even the highest ratings can command no better than three months from most mills and a month longer is required for the next highest priority. Occasionally a small lot may be placed for slightly better delivery. Plate shipments for shipbuilding are keeping up with needs. With new shipways being laid down need for plates will increase in coming months.

Refusal by OPM to give preference to some 180,000 tons of plates for a pipe line from Texas to New York relieves mills of a tremendous burden. The refusal is based on need for plates for shipbuilding and other mere pressing defense work. Proposal to use seamless tubing for the line is left open for further consideration.

Abuse of high blanket priorities granted to some industries is said to be more widely practiced by some subcontractors to obtain material in excess of requirements of their defense work.

Curtailment of automobile production in December to 51.6% of 396,823 units made last December will hold output to 204,848 cars. This will release considerable steel for other uses. However, the automotive industry in producing trucks, tanks and airplanes will require fully as much steel as in the past, probably more. Taking into consideration the 26.5% reduction for the first four months of the model year, the average cut will be 32.2% for the first five months.

Automobile output last week was 60,560 units, 7,395 greater than 53,165 the preceding week. This compares with 78,820 cars in the corresponding week last year.

Recent action by OPM on pig iron and warehouse steel has tended to bring a more orderly procedure and in large measure the industry believes conditions have been bettered. Such irregularities as remain probably will be lessened in succeeding months. Pig iron quotas were found satisfactory to most melters and in cases where requests for revision have been made relief has been granted. Larger warehouse allowance is expected to relieve mills of numerous small orders which constituted a nuisance by increasing roll changes.

Lake Superior iron ore consumption in August set a new alltime record at 6,534,424 gross tons and for the year to Sept. 1 another record at 49,712,949 tons. Ore at furnaces and docks Sept. 1 totaled 36,468,769 tons, compared with 32,934,665 tons a year ago.

Operations declined ½-point to 96% last week. Detroit advanced 1 point to 95% and Cleveland 2½ points to 94½. Pittsburgh declined 1 point to 98, Chicago 1 point to 100, Cincinnati 1 point to 88 and Wheeling 8 points to 86. Remaining rates were unchanged: Birmingham 95, St. Louis 98, Eastern Pennsylvania 95, Buffalo 90½, New England 90 and Youngstown 98.

Composites, under fixed prices, are unchanged: Finished steel, $56.60; iron and steel, $38.15; steelworks scrap, $19.16.

Although a decrease in steel ingot production for the week ended Sept. 22, was anticipated, due to a reduced schedule for the industry, and the strike at the by-products coke plant of the Carnegie-Illinois Steel Corp. (U. S. Steel) at Clairton, the compilation by Dow Jones & Co., Inc., shows an increase of ½ point for the week.

The gain is due entirely to an estimated increase of about 1½ points by subsidiaries of U. S. Steel. The Clairton strike resulted in closing down temporarily 44 open-hearth furnaces in the Pittsburgh area.

However, operations at other Steel Corporation units around Pittsburgh, not affected by a coke and gas shortage, and at mills outside the Pittsburgh district were expanded. In Chicago, for instance, output of U. S. Steel is placed at around 101%. This activity more than made up for the loss in the strike-affected plants.

For the industry as a whole output for the week is placed at 97½% of capacity, compared with 97% in the previous week and 96½% two weeks ago.

U. S. Steel is estimated at 98%, against 96½% in the week before and 98% two weeks ago.

Leading independents are credited with a shade under 97%, compared with 97½% in the preceding week and 97% two weeks ago.

The following table gives a comparison of the percentage of production with the nearest corresponding weeks of previous years, together with the approximate changes, in points, from the week immediately preceding:

	Industry	U. S. Steel	Independents
1941	97½ + ½	98 + 1½	97 — ½
1940	93½ + ½	96 + ½	92½ + ½
1939	80½ + 8½	76½ + 9	83½ + 8
1938	47½ + ½	42 — ½	52½ + 1½
1937	77 —4	76 —9	77½ — ½
1936	72½—1	70½ + ½	77½ + 1½
1935	51½ + ½	40	61½ + 1½
1934	24½ + 1½	22 + 1	26 + 2
1933	37½—2	37	38 —3½
1932	17½	17½	17½
1931	28 —1	31 —1	26½—1
1930	60	66 —1	56½ + ½
1929	85 +3	89½ + 4	81 + 2
1928	85½ + ½	86 + 1	85
1927	65 + 1	68½ + 2	62

Weekly Coal And Coke Production Statistics

The U. S. Bureau of Mines reported that the estimated production of Pennsylvania anthracite for the week ended Sept. 13 amounted to 1,235,000 tons, an increase of 18,000 tons over the preceding week. In comparison with the output in the corresponding week of 1940, there was an increase of 178,000 tons.

The latest report of the Bituminous Coal Division, U. S. Department of the Interior showed that the total production of soft coal in the week ended Sept. 13 is estimated at 11,030,000 net tons, an increase of 1,397,000 tons over the holiday week preceding. Compared with an output of 10,975,000 tons in the last week of August, the increase is but 55,000 tons, or 0.5.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

(In Thousands of Net Tons)

	Week Ended			Calendar Year to Date		
	Sept. 13 1941	Sept. 6 1941c	Sept. 14 1940	1941	1940	1929
Bituminous coal—a						
Total, incl. mine fuel	11,030	9,633	9,139	339,582	311,576	366,218
Daily average	1,838	1,927	1,523	1,580	1,433	1,675
Crude petroleum—b						
Coal equiv. of weekly output	6,461	6,111	5,842	220,710	219,421	162,753

(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, page 702.) (c) Revised. (d) Sum of 37 weeks ended Sept. 13, 1941, and corresponding 37 weeks of 1940 and 1929.

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

	Week Ended			Calendar Year to Date		
	Sept. 13 1941	Sept. 6 1941	Sept. 14 1940	1941	1940 a	1929 a
Penn. Anthracite—						
Total, incl. colliery fuel b	1,235,000	1,217,000	1,057,000	38,330,000	35,550,000	48,445,000
Comm'l prod'n c	1,173,000	1,156,000	1,004,000	36,419,000	33,773,000	44,957,000
Beehive Coke—						
U. S. total	126,700	135,600	69,100	4,245,500	1,590,000	4,854,800
Daily average	21,117	22,600	11,517	19,386	7,260	22,168

(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					Sept. average 1923e
	Sept. 6 1941	Aug. 30 1941	Sept. 7 1940	Sept. 9 1939	Sept. 7 1929	
Alaska	4	3	2	2	f	f
Alabama	154	366	243	215	305	406
Arkansas and Oklahoma	88	103	66	52	108	96
Colorado	135	141	113	103	137	214
Georgia and North Carolina	1	1	*	*	f	f
Illinois	910	1,070	808	717	954	1,587
Indiana	431	472	317	260	291	550
Iowa	28	34	44	48	59	117
Kansas and Missouri	140	146	106	108	113	168
Kentucky—Eastern	867	936	671	805	912	713
Western	180	230	130	123	255	248
Maryland	33	37	20	24	39	40
Michigan	8	8	7	4	15	27
Montana	62	67	44	47	63	68
New Mexico	20	18	15	16	41	56
North and South Dakota	27	28	22	28	f 27	f 27
Ohio	583	680	389	373	420	861
Pennsylvania bituminous	2,452	2,710	2,047	1,855	2,525	3,585
Tennessee	131	141	113	107	107	119
Texas	9	8	12	18	22	26
Utah	90	93	67	65	83	103
Virginia	365	415	252	282	250	245
Washington	31	34	31	34	38	58
West Virginia—Southern a	2,003	2,256	1,768	1,841	1,971	1,474
Northern b	750	841	560	548	657	857
Wyoming	130	135	106	110	112	165
Other Western States c	1	2	1	*	f 5	f 4
Total bituminous coal	9,633	10,975	7,954	7,785	9,509	11,814
Pennsylvania anthracite d	1,217	1,233	837	832	1,218	714
Total, all coal	10,850	12,208	8,791	8,617	10,727	12,528

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. b Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. c Includes Arizona, California, Idaho, Nevada, and Oregon. d Data for Pennsylvania anthracite from published records of the Bureau of Mines. e Average weekly rate for entire month. f Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

ESTIMATED PRODUCTION OF COAL, BY STATES, IN JULY, WITH TOTAL OUTPUT FOR FIRST SEVEN MONTHS OF 1941, 1940, AND 1937, IN THOUSANDS OF NET TONS

(Figures are preliminary estimates based on railroad carloadings and river shipments of coal and beehive coke, supplemented by direct reports from a number of mining companies, local coal operators' associations, and detailed monthly production statistics compiled by the State Mine Departments of Colorado, Illinois, Pennsylvania, Washington, and West Virginia. In making the estimates, allowance is made for commercial truck shipments, local sales, and colliery fuel, and for small trucking mines producing over 1,000 tons a year.

The estimates here given are based upon the latest information available, and differ in some cases from the current figures previously published in the Weekly Coal Report.)

	July, 1941		June	July	Calendar year to end of July		
		% of total	1941	1940	1941	1940	1937
Alaska	16	.04	14	9	103	80	73
Alabama	1,380	3.17	1,463	1,185	8,465	8,794	6,923
Arkansas and Oklahoma	185	.42	67	164	1,400	1,429	1,287
Colorado	446	1.02	382	310	3,548	3,384	3,909
Georgia and North Carolina	3	.01	3	2	22	19	5
Illinois	4,520	10.39	3,815	3,077	29,189	27,519	28,417
Indiana	1,674	3.85	1,635	1,175	11,819	10,316	9,833
Iowa	140	.32	140	174	1,388	1,611	1,925
Kansas and Missouri	510	1.17	452	377	4,099	3,716	3,795
Kentucky:							
Eastern	3,833	8.81	3,910	3,450	22,187	23,406	21,862
Western	842	1.94	723	535	6,897	5,017	4,622
Maryland	150	.34	155	98	936	867	887
Michigan	8	.02	13	10	207	242	297
Montana	238	.55	200	198	1,686	1,555	1,550
New Mexico	90	.21	93	82	659	634	1,050
North and South Dakota	87	.20	92	76	1,112	1,035	1,127
Ohio	2,625	6.03	2,565	1,942	15,027	12,838	14,643
Pennsylvania bituminous	10,840	24.92	11,040	9,449	66,297	61,813	67,391
Tennessee	585	1.34	602	470	3,624	3,596	2,928
Texas	30	.07	31	52	217	452	487
Utah	238	.55	206	202	1,856	1,622	2,057
Virginia	1,640	3.77	1,642	1,265	9,498	8,695	7,697
Washington	120	.28	126	118	997	891	1,168
West Virginia:							
Southern a	9,513	7.63	9,600	8,454	54,516	55,153	51,997
Northern b	3,320	21.87	3,435	2,620	19,896	17,830	17,590
Wyoming	465	1.07	368	396	3,241	2,953	3,162
Other Western States c	3	.01	2	*	16	6	8
Total bituminous	43,500	100.00	42,774	35,890	268,902	255,473	256,690
Pennsylvania anthracite d	4,681	----	4,891	4,534	30,632	30,261	31,225
Total, all coal	48,181	----	47,665	40,424	299,534	285,734	287,915

(a) Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. (b) Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. (c) Includes Arizona, California, Idaho, Nevada, and Oregon. (d) Data for Pennsylvania anthracite from published records of the Bureau of Mines. * Less than 1,000 tons.

Petroleum And Its Products

(Continued from Page 310)

order to assure even distribution to meet regional demands.

It was pointed out in the PCO recommendation that certain areas in the East Coast region have seasonal peaks due to vacation demands at resort points which means high mid-summer demand and low Fall demand, in contrast to far mareas where the summer demand is low and Fall, when crop movements start, demand is sharply higher. Also, the PCO pointed out that defense activities in some regions where construction and military needs are high make readjustments necessary.

The recommendation also authorized gasoline distributors to correct inequitable quotas of gasoline for filling stations and retailers which were brought about but subnormal deliveries for July, the month upon which their September quotas are based. This is to correct the conditions arising in many cities where service stations and retailers, who normally have their lowest demand during summer, were faced with Fall deliveries based upon the year's low deliveries.

Stocks of finished, unfinished and aviation motor fuel showed a small decline during the September 20, reflecting the sharp expansion in production of gasoline during the period. Holdings were off only 356,000 barrels to 80,199,000 barrels. East Coast inventories were up 156,000 barrels to 19,300,000 barrels for the period ended September 20. Gasoline prodcution showed a jump of 571,000 barrels, rising to 14,031,000 barrels for the period. Residual fuel oil stocks showed a contra-seasonal drop of 748,000 barrels, with gas oil and distillate stocks up 1,636,000 barrels.

Increased production of 100-octane aviation gasoline was asked of the industry at the National Petroleum Association convention in Atlantic City this week by W. W. Gary, director of refining in the Office of the Petroleum Coordinator. "The battle of democracy is being fought on many fronts and on all of these fronts 100-octane gasoline must be supplied by our own refinery industry," he said.

Some oil men interpreted Mr. Gary's statement that "the need for some sort of financial protection to the refiner against loss of investment is recognized, and plans are being considered with this difficulty very definitely in mind" as a hint of possible government subsidy for the 100-octane aviation gasoline. While broader priority assistance is to be granted the refining industry for necessary repairs and construction, he said, new building should be limited to that absolutely necessary.

There were no gasoline price changes this week.

Moody's Commodity Index Down Sharply

Moody's Daily Commodity Index continued to decline from the peak of 219.9 two weeks ago. It closed this Tuesday at 214.3, as compared with 217.5 a week ago. The principal individual losses were in cotton, hogs and wheat.

The movement of the index has been as follows

Tuesday, September 16	217.5
Wednesday, " 17	217.8
Thursday, " 18	217.6
Friday, " 18	216.4
Saturday, " 20	215.6
Monday, " 22	214.3
Tuesday, " 23	214.3
Two weeks ago, Sept. 9	219.9
Month ago, Aug. 23	212.9
Year ago, Sept. 23	158.0
1940 High, Dec. 31	171.8
Low, Aug. 16	149.3
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6

Non-Ferrous Metals—Move to Raise Zinc Price Abandoned—October Lead Allocations Set

"Metal and mineral markets" in its issue of Sept. 25 reported that nothing was done during the last week about raising the price of zinc, but the industry feels that the question has not been dropped. The zinc pool for October will be continued at 27% of production. Lead allocations for October will be announced in time to remove confusion among consumers. In copper, the industry is awaiting news on settlement of the Chilean contract now up for renewal. General Metals Order No. 1 was revoked Sept. 23, but termination of the order, it was explained, does not lift inventory restrictions, as control is retained through Priorities Regulation No. 1, issued August 27, 1941. The publication further reported:

Copper

Washington advices state that the Metals Reserve Co. has 231,254 tons of foreign copper on order, including 195,800 tons for which purchase contract has not yet been executed. Most of the details in connection with renewing the contract with Chilean producers have been worked out and the deal will be closed as soon as authorities in Chile ratify the agreement, according to reports here.

Sales of copper in the domestic market during the last week involved 22,037 tons, making the total for the month to date 82.500 tons. The quotation continued at 12c., Valley. Bonded copper sold at 11c., f.a.s. basis.

Imports of copper during July, with comparable figures for the same month last year, in tons, were as follows:

Copper in:	July 1940	July 1941
Ore and concentrate	13,583	5,309
Regulus, etc.	3,431	5,832
Unrefined	25,341	12,115
Refined	16,548	37,279
Totals	58,903	60,535

July exports of refined copper amounted to 6,926 tons, against 20,022 tons in July last year.

Lead

At a meeting held in Washington on Tuesday, Sept. 23, the subject of lead allocations for October was reviewed and the quantities to be released were virtually agreed upon. This means that instructions for shipping October requirements will go out on time to avert all confusion. Sales of common lead for the week, excluding foreign pig lead, amounted to 4,034 tons. Quotations continued at 5.85c., New York, and 5.70c., St. Louis.

The August statistics for lead refined in this country showed that stocks were reduced to 15,330 tons. A month previous stocks amounted to 19,172 tons, a year ago 43,321 tons, and two years ago to 117,935 tons. Domestic shipments of 55,005 tons, plus 28,000 tons of foreign pig lead released by Metals Reserve, accounted for a total of 83,000 tons that was moved to consumers under August allotments.

The cable industry stands out as a heavy consumer of lead this year. During the first eight months of 1941, cable makers took 106,257 tons of lead from domestic refineries, against 58,485 tons in the same period last year.

Zinc

When it became known that the authorities in Washington wanted to study the price situation in zinc closely before an upward revision in the present informal schedule would be sanctioned, those producers who had it in mind to raise the quotation abandoned the move temporarily. With costs rising (chiefly labor) and Tri-State producers reported to be dissatisfied with the $48.58 per ton basis for concentrate, the feeling prevails that some revision in zinc prices is in order. The quotation for Prime Western held at 7¼c., St. Louis. Sales of common zinc for last week amounted to 7,321 tons, with shipments of 6,307 tons. The backlog was 61,638 tons.

Tin

The Singapore tin market finally weakened, the price going off yesterday £2 9s. 6d. However, aside from easing the tension here, the price situation underwent no change, Straits holding at 52c. for all positions. Demand for spot and nearby tin was fair most of the week. Imports of pig tin during July amounted to 14,765 long tons, against 11,552 tons in June. Tin concentrate imported during July contained 1,520 tons of tin.

Straits tin for future arrival was as follows:

	Sept.	Oct.	Nov.	Dec.
Sept. 18	52,000	52,000	52,000	52,000
Sept. 19	52,000	52,000	52,000	52,000
Sept. 20	52,000	52,000	52,000	52,000
Sept. 22	52,000	52,000	52,000	52,000
Sept. 23	52,000	52,000	52,000	52,000
Sept. 24	52,000	52,000	52,000	52,000

Chinese tin, 99 per cent, spot, was nominally as follows: Sept. 18th, 51.125c.; 19th, 51.125c.; 20th, 51.125c.; 22d, 51.125c.; 23d, 51.125c.; 24th, 51.125c.

Aluminum

The Aluminum Company of America announced last week that the price reduction on aluminum, which established the quotation at 15c. a pound effective Oct. 1, will include the extension of additional transportation allowances on shipments of ingot and certain basic fabricated products to destinations west of the Mississippi River.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

Sept.	—Electrolytic Copper— Dom., Refy.	Exp., Refy.	Straits Tin, New York	—Lead— New York	St. Louis	Zinc St. Louis
18	11.775	10.950	52.000	5.85	5.70	7.25
19	11.775	10.950	52.000	5.85	5.70	7.25
20	11.775	10.950	52.000	5.85	5.70	7.25
22	11.775	10.950	52.000	5.85	5.70	7.25
23	11.775	10.950	52.000	5.85	5.70	7.25
24	11.775	10.950	52.000	5.85	5.70	7.25
Average	11.775	10.950	52.000	5.85	5.70	7.25

Average prices for calendar week ended Sept. 20 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery 10.950c.; Straits tin, 52.000c.; New York lead, 5.850c.; St. Louis lead, 5.700c.; St. Louis zinc, 7.250c.; and silver, 34.750c.

The above quotations are "M. & M. M's" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to the European War, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c. is deducted from f.a.s. basis (lighterage, etc.) to arrive at the f.o.b. refinery quotation.

Due to the European war the usual table of daily London prices is not available. Prices on standard tin, the only prices given, however, are as follows: Sept. 18, spot, £256 three months, £259¼; Sept. 19, spot, £256, three months, £259¼; Sept. 22, spot, £256¼, three months, £259½; Sept. 23, spot, £256, three months, £259¼; and Sept. 24, spot, £255¾, three months, £259¼.

Fertilizer Association Commodity Price Index Drops Slightly Below High Level Week Ago

The weekly wholesale commodity price index compiled by The National Fertilizer Association preceded fractionally last week after advancing for ten consecutive weeks, it was announced Sept. 22. In the week ended September 20 this index declined to 116.7 from 116.8 in the preceding week. It was 114.1 a month ago and 96.4 a year ago, based on the 1935-1939 average as 100. Since the first of January 1941 there has been a 16.5 per cent increase in the index. An announcement issued by the Association also said:

Decreases in the food and farm product price indexes were responsible for the slight drop in the all-commodity index last week. Although milk, oranges, certain canned goods, tea, and some vegetable oils advanced in price, declines principally in tomatoes, potatoes, meats, cocoa, lard, and cottonseed oil were sufficient to cause a drop in the food group average. In the farm product group decreases in cotton and grains more than offset increases in livestock quotations; the net result was a small recession in the farm product index. Cotton was the only item included in the textile index to decline, whereas seven items increased in price causing a moderate upturn in the textile average. The building material price index rose due to higher prices for glass and linseed oil. An advance in the farm machinery index took it up to the level reached in April. Other indexes to advance during the week were those representing the prices of chemicals and drugs, fertilizer materials, and miscellaneous commodities.

During the week 37 price series included in the index advanced and 21 declined; in the preceding week there were 40 advances and 6 declines; in the second preceding week there were 34 advances and 8 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	GROUP	Latest Week Sep. 20, 1941	Preceding Week Sep. 13, 1941	Month Ago Aug. 16, 1941	Year Ago Sep. 21, 1940
25.3	Foods	113.2	113.3	109.5	90.9
	Fats and Oils	129.8	130.6	116.8	64.8
	Cottonseed Oil	157.9	159.6	134.5	62.9
23.0	Farm Products	120.5	120.8	115.4	85.2
	Cotton	165.2	168.0	139.7	87.8
	Grains	110.0	112.0	102.6	78.7
	Livestock	114.3	113.9	111.8	85.3
17.3	Fuels	110.8	110.8	111.0	101.4
10.8	Miscellaneous Commodities	126.3	126.2	122.1	110.0
8.2	Textiles	139.5	138.8	139.6	101.9
7.1	Metals	103.8	103.8	103.9	101.9
6.1	Building Materials	123.5	123.4r	120.4	105.6
1.3	Chemicals and Drugs	107.6	107.5	106.2	103.7
.3	Fertilizer Materials	114.2	113.6	112.7	101.9
.3	Fertilizers	107.1	107.1	106.4	103.0
.3	Farm Machinery	99.7	99.3	99.3	99.3
100.0	All Groups Combined	116.7	116.8	114.1	96.4

* Base period changed January 4 from 1926-1928 average to 1935-1939 average as 100. Indexes on 1926-1928 base were: Sept. 20, 1941, 90.9; Sept. 13, 1941, 91.0; Sept. 21, 1940, 75.1.
r—Revised

Lumber Movement For Week Ended Sept. 13

Lumber production during the week ended Sept. 13, 1941, was 14% greater than the previous holiday week; shipments were 10% greater; new business 25% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 3% below production; new orders 13% below production. Compared with the corresponding week of 1940 production was 10% greater, shipments 3 percent greater, and new business 22 percent less. The industry stood at 124% of the average of production in the corresponding week of 1935-39 and 127% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the 37 weeks of 1941 to date was 13% above corresponding weeks of 1940; shipments were 16% above the shipments and new orders were 12% above the orders of the 1940 period. For the 37 weeks of 1941 to date, new business was 7% above production, and shipments were 6 percent above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 38% on Sept. 13, 1941, compared with 31% a year ago. Unfilled orders were 4% greater than a year ago; gross stocks were 15% less.

Stofwoods and Hardwoods

Record for the current week ended Sept. 13, 1941, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1941 Week	1940 Week	1941 Prev. Week (Rev.)
Mills	459	459	474
Production	287,193	261,090	250,885
Shipments	278,172	271,369	252,279
Orders	248,463	319,513	198,562

	Softwoods 1941 Week		Hardwoods 1941 Week	
Mills	384		89	
Production	277,513	100%	9,680	100%
Shipments	266,159	96	12,013	124
Orders	236,321	85	12,142	125

On The Foreign Front

Caution was the prevailing note on European stock markets during the weekly period ended yesterday, with the war news providing the principal occasion for activities in stocks and bonds. Local developments also played a part, however, and were generally viewed with more favor than the trend of the military campaigns. Dealings were modest throughout.

European Stock Markets

The London Stock Exchange was steady in the final sessions of last week, but developed an easy tone when the fall of Kiev was announced and conceded. All groups of issues were soft for a time, but a steady trend quickly was restored. Shipping stocks were better than others, on the nostalgic news that Cunard-White Star is repaying its debt to the British Government for construction of the Queen Mary and Queen Elizabeth.

Only fragmentary reports were available as to trends and dealings on the Continental markets, but these indicate little change in conditions. The Berlin Boerse was inactive. At Amsterdam an uncertain tone prevailed late last week, but sharp gains were noted in the first half of this week, obviously on a basis of flight from the currency.

Neutrality Act

Administration spokesmen made it clear this week that the Neutrality Act is the next item on the agenda of President Roosevelt in his sweeping drive of the United States toward all-out participation in the European war. All pretense of neutrality has, of course, long since been abandoned. The nation nevertheless appears to be opposed to warfare on a scale that might require another expeditionary force, and the neutrality legislation seems to be an important obstacle to such intervention. Whether it will go or not depends upon a Congressional fight which possibly will mark the last stand of the national Legislature in more senses than one.

International incidents are being exaggerated in every conceivable way, to produce somewhat more of a war spirit than has been evinced by the country. The Panamanian freighter Pink Star, owned by the United States, was revealed by the State Department, Monday, as having been sunk the preceding Friday southwest of Iceland. No Americans were aboard the former Danish ship, whic hwas among those seized by the United States Government, but some of the crew members appear to have lost their lives, for only 23 survivors are reported out of the 34 on the Pink Star.

President Roosevelt disclosed at a press conference, Tuesday, that the Pink Star not only was armed, but was escorted by Canadian warships, on her voyage to Iceland with a general cargo. He nevertheless made the incident the occasion for another attack upon those who, according to the President, are attempting to dominate the globe. And Mr. Roosevelt also remarked that the United States is veering toward a policy of arming merchant ships, not only of this nation, but of all ships of registry in the Americas. Repeal or change of the neutrality law would be one of the intermediate steps, the President indicated, but he also hinted at arming of merchant ships despite that law, which specifically prohibits such action.

That the Administration was about to take up changes of the neutrality legislation, and perhaps outright repeal, was made clear through the start of a campaign by Cabinet members, much in the fashion that other vast changes in policy have been heralded. Secretary of State Cordell Hull said on Monday that he favored drastic modification of the law. Secretary of the Navy Frank Knox chimed in on Tuesday with a demand that we "waste no time in repealing the neutrality act." Mr. Roosevelt's own comments followed late the same day, which suggests that the Administration is in a desperate hurry.

Aid to Russia

Added costs and fresh commitments now are proposed in the lend-lease program adopted by Cognress early this year on Administration assurances that lend-lease would spare this country the horrors of war. The costs are frightening enough, for President Roosevelt suggested in a letter to Speaker Rayburn, of the House, on Sept. 18, that $5,985,000,000 of appropriations be added to the $7,000,000,000 already authorized under the program. Equally striking was the wording of the letter in a manner that would make Russia eligible for lend-lease aid.

There is general agreement in Washington that the appropria-

Labor Bureau's Wholesale Price Index Up; Foodstuffs & Chemicals Show Greatest Gain

With continued broad gains in wholesale markets for domestic agricultural commodities and sharp increases in prices for certain chemicals, the Bureau of Labor Statistics' comprehensive index of approximately 900 price series rose further by 0.7% during the week ended Sept. 13, Acting Commissioner Hinrichs reported on Sept. 18. The present level, at 91.6% of the 1926 average, is 2.2% above a month ago and 17.6% above a year ago.

The Bureau's announcement further reported:

Average wholesale prices for farm products rose 2.8% during the week and are 37% higher than at this time last year. Substantially higher prices were reported for grains, cotton and livestock and for fruits and vegetables. Barley advanced 14% during the week and oats were up 13%. Prices for foodstuffs in wholesale markets continued to rise. With the gain of 0.6% in the past week, the average of food prices is 25% higher than it was a year ago. Most cereal products advanced and prices were also higher for dried and fresh fruits, for veal and dressed poultry, and for cocoa beans, lard, edible tallow, vegetable oils and pepper. Average wholesale prices of cattle feed advanced nearly 8%. Raw sugar prices declined during the week with the first acceptance of bids by Cuban producers on an increased quota allotment at the official ceiling price established by OPA.

In the industrial commodity markets there were marked advances in prices for chemicals, such as glycerine, up 39% during the week, and chlorine, up 14%. Prices were also higher for fatty acids and for cream of tartar, logwood extract and for certain fertilizer materials. Cotton textiles, particularly denim, duck and cotton flannel, continued to advance.

Lower prices for yellow pine lumber resulted in a decline of 1.2% in the average price for lumber. However, quotations were higher for maple and oak flooring and for paint materials such as tung oil, rosin and turpentine. Prices for industrial fats and oils rose 3.6% during the week, and are now 125% higher than they were a year ago.

Higher prices were reported for carpets, glassware and for furniture.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Aug. 16, 1941 and for Sept. 14, 1940 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Sept. 6 to Sept. 13, 1941.

(1926 = 100)

Commodity groups	9-13 1941	9-6 1941	8-30 1941	8-16 1941	9-14 1940	Percentage changes to Sept. 13, 1941 from 9-6 1941	8-16 1941	9-14 1940
All commodities	91.6	91.0	90.6	89.6	77.9	+0.7	+2.2	+17.6
Farm products	91.6	89.1	88.6	86.4	66.8	+2.8	+6.0	+37.1
Foods	89.1	88.6	88.2	86.7	71.3	+0.6	+2.8	+25.0
Hides and leather products	111.4	111.2	110.9	110.2	98.6	+0.2	+1.1	+13.0
Textile products	88.7	88.3	87.6	87.4	71.9	+0.5	+1.5	+23.4
Fuel and lighting materials	80.0	79.9	79.8	79.5	71.8	+0.1	+0.6	+11.4
Metals and metal products	98.7	98.7	98.7	98.7	95.3	0	0	+ 3.6
Building materials	105.9	106.0	105.7	104.8	95.0	—0.1	+1.0	+11.5
Chemicals and allied products	87.3	86.0	85.8	85.9	76.8	+1.5	+1.6	+13.7
Housefurnishing goods	97.9	97.1	96.9	96.4	90.0	+0.8	+1.6	+ 8.8
Miscellaneous commodities	84.9	84.5	84.1	83.1	76.3	+0.5	+2.2	+11.3
Raw materials	90.0	88.5	88.1	86.7	70.5	+1.7	+3.8	+27.7
Semimanufactured articles	89.9	90.0	89.7	89.5	77.4	—0.1	+0.4	+16.1
Manufactured products	93.0	92.6	92.2	91.3	81.8	+0.4	+1.9	+13.7
All commodities other than farm products	91.7	91.4	91.0	90.3	80.3	+0.3	+1.6	+14.2
All commodities other than farm products and foods	91.6	91.4	91.1	90.7	82.5	+0.2	+1.0	+11.0

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM SEPT. 6 TO SEPT. 13, 1941

Increases

Cattle feed	7.9	Other building materials	0.6
Grains	6.8	Chemicals	0.6
Drugs and pharmaceuticals	5.0	Clothing	0.5
Oils and fats	3.5	Other textile products	0.5
Livestock and poultry	2.3	Dairy products	0.4
Other leather products	2.1	Agricultural implements	0.3
Other farm products	2.0	Brick and tile	0.3
Fruits and vegetables	1.4	Hosiery and underwear	0.2
Fertilizer materials	1.3	Bituminous coal	0.2
Cereal products	1.2	Petroleum products	0.2
Furnishings	1.1	Paint and paint materials	0.2
Cotton goods	1.0	Meats	0.1
Other foods	0.8	Other miscellaneous	0.1
Furniture	0.7		

Decreases

Rubber, crude	1.7	Hides and skins	0.6
Lumber	1.2		

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. 22 as follows:

(August, 1939=100)

	Argentina	*Australia*	*Canada*	*England*	*Java*	*Mexico*	*New Zeal'd*	*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	r120	111	119	144	r172	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	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	143	157	138	127	123	156	---	138
1941—										
Weeks end.:										
Aug. 2	r135	120	142	157	138	r127	123	156	194	137
Aug. 9	r135	120	142	r157	137	r126	123	156	*194	r138
Aug. 16	137	120	142	r157	138	127	123	156	---	137
Aug. 23	138	r121	143	*157	139	128	123	156	---	139
Aug. 30	138	121	143	*154	138	127	123	156	---	140
Sept. 6	138	122	144	*155	138	128	123	156	---	141
Sept. 13	138	*122	146	*156	137	130	123	156	---	144

* Preliminary. r Revised

Bank Debits Up 32% From Last Year

Bank debits as reported by banks in leading centers for the week ended September 17 aggregated $11,664,000,000. Total debits during the 13 weeks ended September 17 amounted to $130,225,000,000, or 29 per cent above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 26 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 Sept. 17 1941	Sept. 18, 1940	13 Weeks Ended Sept. 17 1941	Sept. 18, 1940
Boston	621	514	7,197	5,695
New York	4,687	3,438	51,457	40,820
Philadelphia	611	458	7,324	5,388
Cleveland	866	668	9,686	7,389
Richmond	465	347	5,219	3,933
Atlanta	365	279	4,252	3,122
Chicago	1,748	1,287	19,965	14,864
St. Louis	372	263	4,088	3,015
Minneapolis	236	176	2,578	2,058
Kansas City	387	303	4,312	3,383
Dallas	304	238	3,299	2,487
San Francisco	1,003	814	10,848	8,601
Total, 274 reporting centers	11,664	8,786	130,225	100,758
New York City *	4,304	3,111	46,736	36,947
140 Other leading centers *	6,357	4,884	72,205	54,980
133 Other centers	1,003	791	11,285	8,830

tion will be voted over whatever modest opposition may develop. Whether the assistance to Russia will be acceptable, however, is another matter, and one on which a fight assuredly will develop. Most observers in this country can see little difference between the State Socialism of Russia or Germany, save in the sense that Communism is more insidious in its aggressive penetration, and Nazi-ism more brazen and military.

Along with many other incidents, the newest turn in the lend-lease program appears to reflect grave concern in the highest circles regarding continuance of the Russian military resistance. Officials in Washington, London and Moscow obviously are in agreement that the Russian case is becoming desperate and more than one suggestion already has appeared that the Communists might make a separate peace with the Reich. This brings up most pointedly the question whether materials now being shipped to Russia might not fall eventually into the hands of the German Nazis. The debate on the President's proposal doubtless will hinge in good part on that possibility.

The newest development in the lend-lease plan followed by only a few days the second report to Congress, which stated that almost the entire original appropriation of $7,000,000,000 has been allocated, although only a remarkably modest amount of materials so far has actually been shipped under lend-lease. Basing his request on plans for spending $6,280,000,000 of the first appropriation, Mr. Roosevelt asked Congress to appropriate another $5,985,000,000, raising the total to the rather impressive sum of $12,985,000,000. Accompanying the request was a lengthy schedule of proposed expenditures for actual war materials, agricultural products, services and other items.

Acting in his capacity of Federal Loan Administrator, Jesse H. Jones last week made it known at the request of President Roosevelt, up to $100,000,000 of Russian manganese, chromite, asbestos and platinum would be purchased by the Defense Supplies Corp. from the Amtorg Trading Corp. which is the official Russian agency in the United States for trade between the two countries. The Defense Supplies Corp., which is an operating agency of the Reconstruction Finance Corp., agreed to advance Amtorg Trading Corp. $50,000,000 before delivrey, which makes it clear that this is largely a device for assisting Russia.

Also indicative is an announcement by Secretary of the Treasury Henry Morgenthau, Jr., on Sept. 18, that a loan of $10,000,000 had been extended to Russia by the Treasury on Aug. 15, against future deliveries of gold. This advance, it was indicated, would take care of outstanding commitments of Amtorg Trading Corp., and would not necessarily finance the purchase of war materials.

This suggests another aspect of lend-lease aid to Russia which, it is to be hoped, will receive due attention as Congress debates the appropriation asked by Mr. Roosevelt. Russia, according to estimates by experts, holds some $1,500,000,000 or more of gold, which was accumulated as a "war chest." There seems to be every reason to expect Russia to pay for war supplies, up to the limit of acceptable resources, in accordance with the precedent established in the case of Great Britain. The British Government, it will be recalled, received lend-lease aid only after a real or alleged exhaustion of means of payment, and it is obvious that the Russian means of payment have not yet been tapped.

In London and Washington, meanwhile, the utmost concern was expressed regarding the need for getting material assistance to Russia in a hurry. American airplanes already are said to have been delivered to the Moscow authorities in considerable numbers, and the British Government also is sending fighting aircraft to Russia. Such deliveries probably have been made by air. The Russian ports of entry for sea-borne supplies seem to be in question, however, save for the inadequate route through Persia. Some American supplies have reached Russia through Vladivostok, which port can be closed easily by the Japanese, if they so desire. A shipment was reported on Monday to have reached Russia through the White Sea, but that ingress will be uncertain as cold weather appears.

Protracted conferences in London between the official British and American missions to Moscow were terminated last Saturday, and the groups headed by Lord Beaverbrook, and W. Averill Harriman thereupon departed for the Russian capital. The missions were reported on Russian soil by Monday. Agreement is said to exist as to the need for sending to Russia the virtually unlimited requirements of that country for war materials, but the missions possibly will find more difficult the procurement of such supplies and the transportation thereof to the Soviet Union.

Russian Campaigns

Tidings of the war in Russia assumed an ever graver aspect as that vast conflict moved into its fourth month, and discussion frankly centered this week around the possibility of a separate Russian peace with the Nazi Reich. The battle of the communiques tended, to some degree, to obscure the actual military developments. These suggest a modest yielding by the Nazis in the center, around Smolensk, but smashing attacks against Leningrad and a German advance into the eastern Ukraine which bids fair to place that entire province under dominance of he Reich.

The Germans reported tremendous victories almost every day, but the Russians also were able to advance some well substantiated claims to military successes. The Soviet forces attacked the Germans fiercely in the advanced sector beyond Smolensk, and foreign military observers finally were permitted to observe the course of this battle. The reports agree that the Nazis were driven back, after suffering severe losses. It also appeared that the terrain now is a sea of mud, with rain falling steadily, and all communications difficult. German spokesmen admitted the Russian attacks, but claimed that the Red Army had been beaten off.

Apart from this move in the center of the 1,600 mile front, all significant battles seemed to run in favor of the Nazis, who issued a long series of special bulletins on the Ukraine. Capture of the key city of Kiev was claimed by the Germans, last Friday, and after a Soviet denial on Saturday, the Russians admitted the loss of Kiev on Sunday. It would seem, moreover, that the Russians were unable to place in effect their "scorched earth" policy at Kiev, owing to a hasty retreat, made necessary by a German pincers movement far to the east of that ancient Russian city.

When they announced the capture of Kiev, the Germans also claimed on Sept. 19 that a huge pocket had been formed east of the Ukrainian capital six days earlier, with vast Russian armies trapped in the encirclement. The capture of Poltava, only 75 miles southwest of Kharkov, also was announced by the Germans, and the latest move thus revealed as a sharp drive deep into the Donets Basin industrial area of Russia. The Nazis also moved across the

(Continued on Page 316)

Living Cost Shows Sharp Rise in Large Cities Up 0.8% From Mid-July to Mid-August

Living costs in large cities increased further by 0.8% from mid-July to mid-August, Secretary of Labor Perkins reported on Sept. 17. "The cost of living index of the Bureau of Labor Statistics for Aug. 15, at 106.0% of the 1935-39 average, is now 7.5% higher than when war broke out in Europe two years ago," she said. "Of this increase, over 5% has come since the beginning of 1941. During the past month, food and clothing costs showed the greatest advance, but rents, coal, housefurnishings, automobile tires and tubes have also been advancing in all parts of the country."

The Labor Department's announcement further said:

Food

Retail food prices went up 1.2% between July 15 and Aug. 12, to the highest level in 10 years. The rise has continued in the last half of August, according to preliminary reports from 18 cities.

Country-wide advances from mid-July to mid-August were reported for bread, fresh milk, canned goods, beef, pork, coffee, and shortenings. Other foods, such as lamb, chicken, apples, and most of the fresh vegetables, are selling at seasonally low levels. The index of retail cost of 54 important foods, at 108% of the 1935-39 average, is now 12% higher than last year. Although food prices have been rising continuously since November, the advance has been at a more rapid rate since March and the index rose 10% between March and August.

Clothing

Clothing prices, continuing the steady rise since last February, advanced 1.6% between mid-July and mid-August. Greatest advances, of more than 3% were reported in Cleveland, Kansas City, Houston and Pittsburgh. Prices for men's woolen clothing, cotton work clothing, undershirts, and shoes and for women's cotton wash frocks and silk and rayon slips again advanced.

Changes in prices of some important articles of clothing from July to August of this year and from August 1939 to August 1941 are shown in the following table:

PERCENTAGE CHANGES IN PRICES FOR SPECIFIED ARTICLES OF CLOTHING

Article of Clothing	7-15-1941 to 8-15-1941	8-15-1939 to 8-15-1941
Men's		
Overalls	+2.5	+18.0
Work shirts	+1.3	+15.5
Work trousers	+1.7	+11.2
Work shoes	+1.6	+10.4
Women's		
Percale dresses	+1.2	+8.5
Silk and rayon slips	+1.2	+10.4
Shoes	+0.6	+2.4
Silk hose	+2.4	+1.5

Rents

Ordinarily rents do not change much in mid-summer. This August, however, there were some advances in 14 of the 20 large cities surveyed. On the average, for homes occupied by moderate-income families a rise of 0.2% was reported. The largest number of increases occurred for dwellings renting between $20 and $30. These rent reports do not include rooms in rooming and boarding houses or furnished apartments.

Fuel

The cost of fuel went up in most sections of the country. The only exceptions among the 34 cities in which these prices are collected each month were Denver, San Francisco, Los Angeles, New Orleans and Richmond. Anthracite and bituminous coal prices advanced between July and August in most of the cities. There were also reports of further increases in prices of fuel oil, particularly in the New England cities and in New York.

Housefurnishings

Prices of housefurnishings which have been rising steadily since last January, increased by 0.8% during the month, in a nation-wide advance. Living-room and bedroom suites were again quoted at higher prices and there were also substantial advances for washing machines, radios and mattresses. Prices of sheets rose in half of the cities surveyed, but August white sales in the other cities brought the average price of sheets below the July level.

Recent changes in prices paid by wage earners and clerical workers for some selected housefurnishings are shown below:

PERCENTAGE CHANGES IN PRICES FOR SPECIFIED HOUSEFURNISHINGS

Article of Housefurnishings	7-15-1941 to 8-15-1941	8-15-1939 to 8-15-1941
Living-room suites	+2.3	+24.3
Bedroom suites	+1.1	+14.4
Electric refrigerators	+0.1	—10.7
Washing machines	+1.5	+11.0
Rugs	+0.9	+22.7
Linoleum	+0.7	—0.7
Mattresses	+1.0	+8.1
Sheets	—1.3	+12.6

Miscellaneous goods and services

Retail prices of soaps continued to move upward, following advances in wholesale prices for fats and oils. General increases in prices of rubber tires and inner tubes were also reported, occurring in 17 of the 20 cities. In most cities, gasoline prices remained about the same in August as in July, but there was a substantial rise in Kansas City and a decline in St. Louis.

Table 1 presents percentage changes in the cost of goods purchased by wage earners and lower-salaried workers in 20 large cities and these cities combined from July 15, 1941 to Aug. 15, 1941. Indexes of these costs, based on average costs in 1935-39 as 100 are presented in Table 2.

Table 1. Percentage Change from July 15, 1941 to Aug. 15, 1941 in the Cost of Goods Purchased by Wage Earners and Lower-Salaried Workers in 20 Large Cities of the United States, by Groups of Items

Area and City	All items	Food	Clothing	Rent	Fuel, electricity and ice	Housefurnishings	Miscellaneous
Average:							
Large Cities	+0.8	+1.2a	+1.6	+0.2	+0.9b	+0.8	+0.1
New England:							
Boston	+1.2	+2.5	+0.2	+0.2	+1.1	+0.4	+0.2
Middle Atlantic:							
Buffalo	+0.5	+0.9	+0.9	c	+0.7	+0.3	+0.1
New York	+0.5	+0.7	+1.2	+0.1	+0.4	+0.3	+0.2
Philadelphia	+0.9	+1.4	+1.3	+0.4	+1.5	c	+0.2
Pittsburgh	+0.6	+0.3	+3.1	c	+0.2	+1.1	+0.3
East North Central:							
Chicago	+0.7	+0.6	+3.0	+0.2	+0.8	+2.8	+0.1
Cincinnati	+1.6	+4.1	+0.2	c	+1.3	+0.3	+0.3
Cleveland	+1.8	+3.1	+4.3	+0.5	+1.1	+1.3	+0.3
Detroit	+0.4	—0.1	+1.0	+0.3	+2.0	+0.7	c
West North Central:							
Kansas City	+1.1	+0.6	+3.7	+0.6	+1.5	+0.7	+1.1
Minneapolis	+0.8	+1.7	+0.3	+0.2	+1.0	+0.6	+0.2
St. Louis	+0.4	+0.8	+1.7	c	+1.2	+0.2	—0.5
South Atlantic:							
Baltimore	+0.8	+0.9	+1.6	+0.6	+1.4	+1.5	+0.3
Savannah	+0.7	+1.1	+1.1	c	+0.4	+1.4	+0.2
East South Central:							
Birmingham	+1.2	+1.5	+2.8	+0.7	+1.1	+0.8	+0.4
West South Central:							
Houston	+0.8	+0.7	+3.3	+0.3	+0.1	+1.3	+0.3
Mountain:							
Denver	+1.0	+1.5	+3.0	+0.2	c	+1.0	+0.2
Pacific:							
Los Angeles	+0.7	+2.0	+0.9	c	c	+0.5	—0.2
San Francisco	+0.5	+0.9	+0.5	+0.1	c	+0.7	+0.2
Seattle	+1.1	+2.7	+0.7	+0.1	+0.1	+2.0	+0.2

a Based on data for 51 cities.
b Based on data for 34 cities.
c No change.

Table 2. Indexes of the Cost of Goods Purchased by Wage Earners and Lower-Salaried Workers in 20 Large Cities of the United States, by Groups of Items, Aug. 15, 1941
(Average 1935-39=100)

Area and City	All items	Food	Clothing	Rent	Fuel, electricity and ice	Housefurnishings	Miscellaneous
Average:							
Large Cities	106.0	108.0a	105.9	106.3	103.2b	108.1	103.8
New England:							
Boston	104.9	107.3	103.1	101.2	109.2	105.3	103.2
Middle Atlantic:							
Buffalo	108.5	111.8	105.0	110.6	101.9	110.0	106.1
New York	105.3	107.8	105.7	102.8	103.8	103.0	104.3
Philadelphia	104.4	104.7	105.0	105.1	103.0	106.8	103.3
Pittsburgh	106.8	109.0	106.9	106.8	106.0	109.6	103.3
East North Central:							
Chicago	106.6	108.1	103.7	110.7	102.5	103.5	103.4
Cincinnati	106.1	109.1	105.4	103.0	103.7	110.9	103.7
Cleveland	109.0	112.1	110.2	110.8	111.8	112.7	102.7
Detroit	107.4	107.1	106.0	112.4	104.2	103.8	105.0
West North Central:							
Kansas City	103.3	101.8	107.9	104.7	102.7	106.3	102.3
Minneapolis	106.9	110.0	104.4	108.6	98.2	108.8	105.7
St. Louis	105.0	109.4	107.0	101.8	105.1	103.0	101.5
South Atlantic:							
Baltimore	107.2	109.6	106.0	109.6	103.2	108.8	103.5
Savannah	107.9	114.8	105.2	106.6	99.5	108.0	103.2
East South Central:							
Birmingham	108.2	106.8	110.9	121.4	97.5	106.1	104.6
West South Central:							
Houston	105.7	109.5	108.2	107.2	93.2	112.4	101.6
Mountain:							
Denver	104.7	105.8	104.0	106.9	97.4	103.2	103.5
Pacific:							
Los Angeles	106.3	109.3	107.4	106.6	94.2	107.0	104.4
San Francisco	106.1	108.2	106.6	104.1	91.6	108.1	106.3
Seattle	108.5	112.2	108.2	111.4	95.8	105.3	106.3

a Based on data for 51 cities.
b Based on data for 34 cities.

August Defense Stamp Sale Is Highest Yet

The Treasury Department announced on Sept. 11 that the estimated total value of Defense Savings Stamps sold during the four-month period May-August was $13,817,000 and that the number of units sold aggregated 43,444. According to the Treasury figures, the August sales, amounting to $4,251,000 and numbering 14,208,000 stamps of all denominations, were the largest since the campaign started last May. The value of stamps sold in July totaled $3,288,000, in June $2,802,000 and in May $3,475,000. The most popular stamp is the 25-cent denomination, of which there have been 28,288,000 units sold, with the other denominations ranking in popularity as follows: 10-cent, 50-cent, $1 and $5.

The Treasury's tabulation of the sales follows:

DEFENSE SAVINGS STAMPS

Estimated Total Value and Number of Units Sold, by Denominations, During May, June, July, and August, 1941
(All figures in thousands)

Denomination	May	June	July	Aug.	Total
	Number of Units by Denominations				
$ .10	2,536	1,594	1,625	2,426	8,180
.25	5,364	5,728	7,341	9,856	28,288
.50	1,213	875	1,038	1,209	4,335
1.00	698	468	533	661	2,360
5.00	115	61	48	56	280
Total	9,926	8,725	10,584	14,208	43,444
Total Value	$3,475	$2,802	$3,288	$4,251	$13,817

Note—Figures have been rounded to nearest thousand and will not necessarily add to totals. For the same reason, the sum of units times denominations does not necessarily agree exactly with total value.

Corporate Profits Show 2nd Quarter Decline

Despite the record level of industrial production, net profits of large industrial corporations, as measured by the figures of 167 companies which report profits quarterly, declined 6% between the first and second quarters of this year, the Federal Reserve Bank of New York reports in its "Monthly Review" of Sept. 1. Second quarter profits, the Bank says, were restricted by higher labor and material costs and particularly by increased provision for taxes, as many companies in this group made deductions from their second quarter net earnings for estimated tax liabilities (at the higher rates incorporated in the current tax bill) applicable to the first, as well as the second quarter. Estimates reallocating taxes reported by corporations during both the first and second quarters indicate that if taxes had been uniformly applied against their respective quarters, net profits of leading corporations would have risen somewhat between the two quarterly periods, but by less than the average for past years. The Bank goes on to report:

For a broader list of 376 industrial and mercantile corporations, as summarized in the accompanying table, net profits during the second quarter were about one-fourth larger than a year before but were slightly smaller than in the second quarter of 1937 when the level of business activity was well below that of the second quarter of 1941.

Net profits of 511 industrial and mercantile corporations reporting for the first six months of this year were about 22% above those for the corresponding period last year and were slightly higher than in the first half of 1937. Year - to - year changes in first half earnings of the individual groups listed in the table were varied. The largest percentage gains were made by the following groups of companies: textiles, rubber and tires, heating and plumbing supplies, coal mining, steel and iron, and railroad equipment. The paper and paper products, chemical, automobile, petroleum, metal and glass container, and beverage groups recorded smaller gains, in all cases less han 10%. In contrast, the gold and silver mining, bakery products, and advertising, printing, and publishing groups reported smaller profits than in the first half of 1940.

With respect to the impact of Federal taxes on earnings, it is interesting to note that for a group of 89 companies, which reported complete profit and loss data, gross sales in the first half of 1941 were 36% larger than a year earlier, cost of goods sold, including State and local taxes, rose 31% and net profits before Federal taxes were 79% higher. The total of deductions for Federal income and excess profit taxes and reserves for additional taxes was equal to 54% of net profits before taxes, as against 26% a year before. After deduction of taxes these companies reported a gain of only 12% in net profits.

Class I railroads as a group reported second quarter net income (after all charges of $103,000,000. This compares with a profit of $3,000,000 a year ago, and a profit of $24,000,000 in the 1937 second quarter. For the first six months, the Class I railroads as a group had net income after fixed charges for the second time in ten years; the total was $170,000,000 apparently the largest amount for any comparable period since 1930. Net operating income (before taxes) of large telephone companies in both the second quarter and first six months reached the highest levels for any similar periods on record. Net income of other public utilities showed gains of only minor proportions during both periods.

(Net profits in millions of dollars)

Corporation group	Second quarter 1937	1938	1940	1941	First six months 1937	1938	1940	1941
Advertising, printing and publishing	4.2	2.6	3.5	2.9	8.8	5.3	6.8	6.7
Airplane manufacturing	2.3	4.8	13.8	14.5	4.3	7.9	23.6	30.8
Automobile	88.3	22.4	63.7	73.0	149.4	25.4	147.6	152.5
Automobile parts and accessories	17.1	—1.2	14.9	20.4	32.7	—4.4	32.5	41.3
Building supplies	14.3	3.3	9.9	12.6	30.6	6.2	21.1	28.1
Chemicals	44.1	20.1	39.3	42.3	84.2	38.7	81.3	82.9
Containers (metal and glass)	2.1	1.3	2.4	2.9	4.0	2.5	3.8	4.1
Drugs and cosmetics, incl. soap	11.0	9.6	10.9	16.0	29.8	21.0	28.4	34.4
Electrical equipment	27.5	9.5	24.3	28.6	51.9	20.1	46.1	55.4
Food products:								
Bakery	5.4	5.8	4.7	3.8	9.2	10.3	8.8	8.5
Beverages	11.0	10.4	12.1	13.1	18.8	18.8	21.2	22.7
Confectionery	4.7	4.1	4.5	5.2	9.2	8.4	10.0	11.3
Other food products	14.2	12.1	15.6	17.2	34.2	30.4	35.5	39.7
Heating and plumbing	—	5.0	0	4.7	8.4	—1.1	4.4	8.4
Heating and plumbing	5.0	0	3.1	4.7	8.4	—1.1	4.4	8.4
Household equipment	4.3	1.0	2.4	3.3	17.5	0.6	9.7	13.0
Leather and shoes	—	—	—	—	6.3	—1.1	3.8	5.1
Machinery and tools	17.9	4.3	12.0	15.0	37.8	11.2	26.6	36.3
Metal products—misc.	3.6	—0.2	2.3	4.0	8.4	—0.3	5.1	7.5
Mining:								
Coal	—0.8	—3.2	0.8	1.3	—0.4	—4.6	2.5	4.7
Copper	4.6	2.4	3.8	4.3	43.1	17.9	37.9	38.9
Gold and silver	5.3	4.0	3.5	3.2	17.5	14.1	14.0	12.1
Other mining	17.6	7.6	10.4	11.7	38.6	18.4	26.0	28.1
Motion pictures and films	6.1	3.0	2.7	4.4	24.7	14.3	15.4	20.0
Office equipment	6.1	3.4	4.0	6.0	12.5	7.5	8.8	12.4
Paper and paper products	7.5	1.2	8.1	7.6	14.3	4.0	16.5	16.7
Petroleum	47.1	28.5	26.2	37.8	161.3	100.8	107.0	113.5
Railroad equipment	14.1	—1.5	6.3	13.1	29.4	—1.3	18.4	29.7
Retail trade	—	—	—	—	21.5	9.1	18.6	23.0
Rubber and tires	—	—	—	—	21.5	2.7	12.7	25.0
Steel and iron	70.8	—10.5	47.8	68.4	145.5	—17.3	97.0	161.3
Textiles and apparel	—	—	—	—	13.0	—7.0	7.6	15.4
Tobacco (cigars)	0.4	0.5	0.8	0.8	0.7	0.8	1.5	1.4
Miscellaneous	1.0	—0.3	2.5	3.4	1.4	—1.3	3.0	3.8
Total								
376 companies, 2nd quarter	456.8	145.0	356.3	441.5	—	—	—	—
511 companies, 1st half	—	—	—	—	1,090.1	358.0	903.2	1,094.7
137 Class I railroads, net income	23.5	—74.3	2.8	103.2	38.9	—180.0	—9.1	170.0
97 Telephone companies net operating income	58.6	52.8	62.0	73.6	118.9	102.8	124.6	144.4
63 other public utilities, net income	66.3	55.5	65.4	66.4	137.0	118.2	146.0	146.8

—Deficit

Condition of National Banks

The statement of condition of the National banks under the Comptroller's call of June 30, 1941 has just been issued and is summarized below. For purposes of comparison, like details for previous calls back to and including June 29, are included.

CONDITION OF NATIONAL BANKS IN THE UNITED STATES ON JUNE 29 AND DEC. 31, 1940, APR. 4 AND JUNE 30, 1941
[In thousands of dollars]

	June 29, 1940 (5,170 banks)	Dec. 31, 1940 (5,150 banks)	Apr. 4, 1941 (5,144 banks)	June 30, 1941 (5,136 banks)
ASSETS	$	$	$	$
Loans and discounts, including overdrafts	9,179,227	10,027,773	10,427,466	10,922,483
U. S. Government securities, direct obligations	7,219,890	7,658,549	8,482,114	8,856,499
Obligations guaranteed by U. S. Government	1,891,336	2,094.056	1,113,876	2,279,453
Obligations of States and political subdivisions	1,928,352	2,008.472	2,147,574	2,020.242
Other bonds, notes, and debentures	1,648,245	1,694.058	1,634,616	1,590,191
Corporate stocks, including stock of Federal Reserve banks	217,452	212,905	209,456	208,409
Total loans and investments	*22,084,502*	*23,695,813*	*25,015,102*	*25,877,277*
Cash, balances with other banks including reserve balances, and cash items in process of collection	13,877,104	15,120,067	14,243.808	14,521.658
Bank premises owned, furniture and fixtures	597,251	594,398	598,722	592,897
Real estate owned other than bank premises	119,515	108,197	103,068	96,568
Investments and other assets indirectly representing bank premises or other real estate	65,392	62,415	62,439	61,764
Customers' liability on acceptances outstanding	42,339	47,154	45,736	49,977
Interest, commissions, rent, and other income earned or accrued but not collected	58,672	60,399	68,289	61,469
Other assets	40,305	45.519	55,857	53,025
Total assets	36,885,080	39,733,962	40,193,021	41,314,635
LIABILITIES				
Demand deposits of individuals, partnerships, and corporations	15,976,786	17,939,331	18,070,367	19,194.051
Time deposits of individuals, partnerships, and corporations	7,875,792	7,954 096	8,050,125	8,042.313
Deposits of U. S. Government, including postal savings	564,997	506,709	478,412	540,937
Deposits of States and political subdivisions	2,270.856	2,358 230	2,530,319	2,529,179
Deposits of banks	6,084,051	6,575,298	6,751,121	6,591,645
Other deposits (certified and cashiers' checks, etc.)	301,925	518,760	407,137	453,178
Total deposits	*33,074,407*	*35,852,424*	*36,287,481*	*37,351,303*
Bills payable, rediscounts, and other liabilities for borrowed money	2,910	3,127	2,430	2,005
Mortgages or other liens on bank premises and other real estate	117	110	101	59
Acceptances executed by or for account of reporting banks and outstanding	50,641	54,489	52,371	59,379
Interest, discount, rent, and other income collected but not earned	41,376	46 395	51,299	55,644
Interest, taxes, and other expenses accrued and unpaid	49,741	48.082	59,775	56,215
Other liabilities	189,447	192,937	167,198	191,889
Total liabilities	33,408,639	36,197,564	36,620,655	37,716,494
CAPITAL ACCOUNTS				
Capital stock (see memoranda below)	1,534 649	1,527,237	1,526.939	1,523.383
Surplus	1,249,961	1,309,533	1,319.321	1,336,090
Undivided profits	468,203	467,984	491.310	498 376
Reserves (see memoranda below)	223,628	231,644	234,796	240,292
Total capital accounts	3,476,441	3,536,398	3.572,366	3,598,141
Total liabilities and capital accounts	36,885,080	39,733,962	40,193,021	41,314.635
MEMORANDA				
Par value of capital stock:				
Class A preferred stock	193,904	182 019	175.651	171,260
Class B preferred stock	14,859	13.638	13.374	13.181
Common stock	1,328,180	1,333,816	1,399,894	1,340,705
Total	1,536,943	1,529,473	1,528,919	1,525.146
Retirable value of preferred capital stock:				
Class A preferred stock	245,165	233 280	224.711	219,908
Class B preferred stock	17,144	15,523	15,290	15,129
Total	262,309	248,803	240,001	235,037
Reserves:				
Reserve for dividends payable in common stock	5,456	5.381		6.667
Reserve for other undeclared dividends	9.116	8.571	234,796	8.494
Retirement account for preferred stock	19,581	21 396		20,503
Reserves for contingencies, etc	189,475	196,296		204.628
Total	223.628	231,644	234,796	240,292
Pledged assets and securities loaned:				
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities	2,397,707	2,457,149	2,477,773	2,673,112
Other assets pledged to secure deposits and other liabilities, including notes and bills rediscounted and securities sold under repurchase agreement	593,565	644,363	629,253	601,405
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities	93.990	89 741	89.113	100 882
Securities loaned	7,929	13,372	14,437	19,344
Total	3,093,186	3,204,625	3,210,576	3,394,743
Secured liabilities:				
Deposits secured by pledged assets pursuant to requirements of law	2,522,681	2,630,448	2,659,791	2,746,217
Borrowings secured by pledged assets, including rediscounts and repurchase agreements	2,553	2,558	2,064	1,984
Other liabilities secured by pledged assets	492	508	485	521
Total	2.525,726	2,633.514	2,662,340	2,748,722

Note.—Beginning with the call as of Oct. 2, 1939, and continui ? with each subsequent spring and autumn call a "short" form, eliminating schedules of loans and investments, etc., was adopted for obtaining condition reports of national banks. The abstracts covering each of such calls therefore contain fewer pages than the abstracts for the remaining calls made in the year.

	June 29, 1940	Dec. 31, 1940	Apr. 4, 1941	June 30, 1941
Details of demand deposits:				
Deposits of individuals, partnerships, and corporations	15,976,786	17,939,331	18,070,367	19.194,051
Deposits of United States Government	518,805	463.368	436,830	498.900
Deposits of States and political subdivisions	1 ?36 456	1,998,658	2,212,054	2,200,817
Deposits of banks in the United States (including private banks and American branches of foreign banks)	5,641,680	6,121,622	6,647,921	6,151,745
Deposits of banks in foreign countries (including balances of foreign branches of other American banks but excluding amounts due to own foreign branches)	343,176	355,707		337,633
Certified and cashiers' checks (including dividend checks), letters of credit and travelers' checks sold for cash, and amounts due to Federal Reserve banks (transit account)	301,925	518,760	407,137	453,178
Total demand deposits	24,719,328	27,397,446	27,774,309	28,836,324
Details of time deposits:				
Deposits of individuals, partnerships, and corporations:				
Savings deposits	6,997 727	7,129,006		7,152 681
Certificates of deposit	533.532	510.887		504,332
Deposits accumulated for payment of personal loans	36.604	48.418	8,050,125	55,138
Christmas savings and similar accounts	78,792	18.888		91,237
Open accounts	249,137	246,897		238,925
Total	7,875,792	7,954,096	8,050,125	8,042.313
Postal-savings deposits b	46 192	43.341	41.582	42,037
Deposits of States and political subdivisions	334,400	359,572	318,265	328,362
Deposits of banks in the United States (including private banks and American branches of foreign banks)	93,720	93,046	103,200	96,944
Deposits of banks in foreign countries (including balances of foreign branches of other American banks but excluding amounts due to own foreign branches)	4,975	4,923		5,323
Total time deposits	8.355,079	8,454,978	8,513,172	8,514,979
Ratio of required reserves to net demand plus time deposits:				
Total, Central Reserve city banks	21.43%	21.46%	21.52%	21.57%
Total, Reserve city banks	13.72%	13.94%	14.03%	14.10%
Total, Country banks	8.14%	8.34%	8.37%	8.45%
Total, all member National banks	14.60%	14.73%	14.81%	14.88%

b Includes United States Treasurer's time deposits—open accounts.

Supervisory Contact With Each Insured Bank Proposed by FDIC in Its Annual Report

In its annual report for the year ended Dec. 31, 1940 the Federal Deposit Insurance Corp. states that "the banking situation has improved considerably over the past seven years (the Corporation was created in 1933, and since Jan. 1, 1934 says the introduction to the report, has been protecting depositors in more than 13,000 banks) and the loans and securities of the banks are probably of higher average quality than ever before in our history," The introduction to the report goes on to say:

The favorable aspects of the situation and the satisfactory operating experience to date of the Federal Deposit Insurance Corporation, however, should not be permitted to obscure the existence of undesirable tendencies which may threaten the soundness of our banking system. The capital ratios of the banks are low. At the year's close the net sound capital of the banks averaged not more than 9% of total assets.

For the most part the low capital ratios are in the larger banks; from one-fifth to one-fourth of the banks had capital ratios below 9 or 10%, but these banks held two-thirds of the deposits of all insured commercial banks. The average capital ratio of banks with deposits of more than $10,000,000 each was not in excess of 8.5%.

Some banks continue to show unsatisfactory asset positions and undesirable management practices. Where problem cases exist the Corporation is making every effort to work out corrective programs.

The Corporation's experience reveals the necessity for extension and further clarification of the Corporation's supervisory authority to provide greater assurance of achievement of the objections of deposit insurance.

Likewise from the introductory remarks we quote the following bearing on the seven-year period during which the Corporation has been operating.

In 355 banks in financial difficulties, the Corporation has protected depositors from loss by paying off insured claims or by putting up cash to cover depreciated assets and thus permit merger of the banks with sound banks. More than 1 million depositors in the 355 banks have been protected from the loss of any part of their deposits and, for the most part, from serious interruption in the use of their funds. Less than 5,000 of the depositors who filed claims against these banks will suffer any loss at all. Losses of these depositors will amount to about $3 million, or seven-tenths of 1 percent of the $439 million of deposits in these banks, about one-thirtieth of the average rate of loss borne by depositors in banks which failed during the 70 years preceding deposit insurance. The Corporation's losses are estimated at 15 times the total amount borne by the depositors in the 355 insured banks, or 10% of deposits.

In numerous other weak or hazardous banks which have been in financial difficulties the Corporation has protected depositors from loss through prompt supervisory action which has corrected the situations before losses have actually been incurred.

The Corporation's losses and operating expenses have approximated income from investments, permitting the accumulation as surplus of practically all of the assessments paid in by banks. On December 31, 1940, the capital and surplus of the Corporation amounted to $496 million, an increase of $207 million over the original capital of $289 million with which the Corporation started

As bearing on direct supervisory contact with the banks by the Corporation the report has the following to say:

Deposit insurance and bank supervision. Establishment of the insurance system has not been accompanied by any change in the fundamental objective of bank supervision. Protection of creditors of banks has continued to be the chief purpose of supervision. Relatively few depositors, however, now suffer any loss at all in closed insured banks. Under the deposit insurance system, the Corporation in protecting the depositors has succeeded to their claims against the banks and has, therefore, become the chief creditor of insured banks which fail.

The Corporation alone of the supervisory agencies bears the financial responsibility of loss from bank failures, but the direct supervision of over one-half of the banks for whose solvency the Corporation has sole financial responsibility rests with other agencies. More than one-half of the Corporation's disbursements for the protection of depositors has occurred in connection with insured banks over which the Corporation did not have direct supervision. Approximately two-thirds of the Corporation's expected losses to date are in those banks.

The Corporation should have direct supervisory contact with each insured bank; the fact that the insurance coverage is nominally low in some banks does not affect this necessity. Experience of the Corporation reveals that depositors in most cases are protected for the full amount of their deposits, irrespective of the size of their balances, when it becomes necessary to eliminate weak or insolvent insured banks. In the main, the Corporation has protected depositors in the larger banks by making loans to facilitate mergers, thus avoiding receiverships. Under this procedure there has been no loss to any depositor regardless of the amount of his deposit. This protection has covered balances due other banks, building and loan companies, and other financial institutions with resulting benefit to their depositors, shareholders, and customers. As a consequence, the financial deterioration of an insured bank no longer generates widespread uneasiness, in contrast with the situation prior to deposit insurance when banking difficulties were accompanied by loss of confidence, depositors' runs, and economic disturbances.

Income and expenses. Total income of the Corporation for the entire period of its existence through December 31, 1940, amounted to $274.5 million, of which $211.1 million were received from assessments paid by insured banks and $63.4 million were from income and profits on investments. Administrative expenses of the Corporation were $22.0 million and charges on account of insurance expenses and estimated losses were $45.8 million. Accumulated surplus of the Corporation on December 31, 1940, was $206.7 million.

(Continued on Page 316)

Supervisory Contact With Each Insured Bank Proposed by FDIC in Its Annual Report

(*Continued from Page* 315)

INCOME AND EXPENSES OF THE CORPORATION SINCE BEGINNING OPERATIONS a

(In millions of dollars)

	Total	1940	1939	1938	1937	1936	1935	1933-34 b
Income—total	**274.5**	**55.9**	**51.2**	**47.8**	**48.1**	**43.8**	**20.7**	**7.0**
Deposit insurance assessments c	211.1	46.2	40.7	38.3	38.8	35.6	11.5	--------
Investment income and profits	63.4	9.7	10.5	9.5	9.3	8.2	9.2	7.0
Expenses—total	**67.8**	**17.3**	**19.1**	**8.1**	**7.3**	**6.0**	**5.6**	**4.4**
Deposit insurance losses & expenses	45.8	13.7	15.7	5.1	4.6	3.5	2.9	.3
Deposit insurance Administrative expenses d	22.0	3.6	3.4	3.0	2.7	2.5	2.7	e 4.1
Net income added to surplus	**206.7**	**38.6**	**32.1**	**39.7**	**40.8**	**37.8**	**15.1**	**2.6**

a Figures of total expenses, deposit insurance losses and expenses, and net income added to surplus for years prior to 1940 differ from those shown in previous Annual Reports because of revisions in estimates of losses allocated to the different years.

b Includes expenses from date of organization, September 11, 1933, to December 31, 1934.

c Assessments collected from insured banks, members of the temporary insurance funds, were credited to their accounts in total at the termination of the temporary funds, being applied toward subsequent assessments under the permanent insurance fund, and resulting in no income to the Corporation from assessments for the term of the temporary insurance funds.

d Includes furniture, fixtures, and equipment purchased and charged off.

e After deducting portion of expenses and losses charged to banks withdrawing from the temporary funds on June 30, 1934.

Total income for the calendar year 1940 was $55.9 million, of which $46.2 million represented assessments and $9.7 million interest on investments—net after provision for amortization of premiums, interest on loans and subrogated claims, and profits on securities sold. Total losses and expenses for the year amounted to $17.3 million, of which $13.7 million were insurance losses and expenses and $3.6 million were administrative expenses and other charges. The surplus of the Corporation was increased by $43.3 million during the year, reflecting net income of $38.6 million and adjustments to surplus, applicable to prior periods, of $4.6 million.

From the report we also quote:

Insured banks. The Federal Deposit Insurance Corporation was insuring deposits in 13,442 of the 14,399 commercial banks in operation on December 31, 1940. These banks held $63 billion of deposits, or 97 percent of the deposits of all commercial banks. The number of commercial banks insured was reduced by 96 during the year, representing the excess of terminations of insurance through merger, liquidation, and suspension over admissions to insurance of newly organized or previously non-insured banks.

Assets and Liabilities of Insured Commercial Banks

On December 31, 1940, total assets of insured commercial banks amounted to nearly $71 billion, the highest figure ever reported. Total assets were $7.6 billion larger in amount at the close than at the beginning of the year, the largest increase recorded in any 12-month period since the beginning of deposit insurance.

Changes in assets and liabilities during 1940. The growth in assets during 1940 reflected chiefly a substantial inflow of gold and the expanded program of national defense started in the spring of the year. The effect of the gold inflow upon the banking system appears in large part in the $2.6 billion increase in holdings of cash and of reserves with the Federal Reserve banks. The progress of the defense program and the industrial expansion accompanying it are reflected in an increase of $1.5 billion in holdings of Government securities, a growth of $1.5 billion in loans, and an increase in float—items in process of collection—of about $1 billion.

The expansion of liabilities was chiefly in demand deposits of individuals, partnerships, and corporations which increased by more than $5 billion over the year period. Interbank deposits increased by $1 billion and time deposits by $0.5 billion. Total capital accounts of all insured banks remained practically unchanged in amount over the period, and the ratio of total capital accounts to book value of assets was reduced from 10.3% at the beginning to 9.4% at the close of the year.

ASSETS AND LIABILITIES OF OPERATING INSURED COMMERCIAL BANKS DECEMBER 31, 1940, AND DECEMBER 30, 1939

(Amounts in millions of dollars)

	Amount Dec. 31, 1940	Amount Dec. 30, 1939	Change Amount	Change Percent
ASSETS				
Cash and reserves with Federal Reserve banks	15,227	12,671	+2,556	+20
Balances with other banks	8,216	7,344	+872	+12
Items in process of collection	2,847	1,361	+986	+53
U. S. Government obligations, direct and fully guaranteed	17,065	15,568	+1,497	+10
Other securitiess	7,099	6,850	+239	+3
Loans, discounts, and overdrafts	18,398	16,866	+1,532	+9
Fixed assets	1,534	1,657	-123	-7
Miscellaneous assets	334	320	+14	+4
Total assets	**70,720**	**63,147**	**+7,573**	**+12**
LIABILITIES AND CAPITAL				
Deposits of other American banks	9,830	8,761	+1,069	+12
Other demand deposits	38,040	32,238	+5,802	+18
Other time deposits	15,600	15,077	+523	+3
Total deposits	**63,470**	**56,076**	**+7,394**	**+13**
Miscellaneous liabilities	577	546	+31	+6
Total capital accounts	6,673	6,525	+148	+2
Total liabilities and capital accounts	**70,720**	**63,147**	**+7,573**	**+12**

Analysis of loans. Loans increased by $1.5 billion during the year of which $900 million occurred in business loans. Loans reported as "all other loans," which represent principally personal and consumer loans, part of which are repaid on an instalment basis, increased by $400 million. Residential real estate loans, almost one-half of which are represented by loans insured under Title II of the National Housing Act, increased by $300 million. Agricultural loans also increased, while loans for the purpose of purchasing and carrying securities were reduced in volume. The major part of the expansion in total loans was in the second half of the year and was greater than for any other 6-month period since the beginning of the Federal deposit insurance system. This rapid growth probably reflected for the most part acceleration of the defense program.

Instalment consumer loans. Comprehensive data on instalment consumer loans of banks became available in 1940 for the first time through a special questionnaire addressed to insured banks by the Federal supervisory agencies.

Earnings of Insured Commercial Banks

The earnings reported by insured commercial banks in 1940 reflect the influence of the defense program, as well as the influence of trends which have been in evidence for a number of years. The influence of defense activities is revealed in the character of increases in income and expenses. The influence of previously existing trends is shown in lowered interest rates on securities and on time deposits and in smaller charge-offs following progressive elimination of criticized assets.

EARNINGS, EXPENSES, AND DIVIDENDS OF INSURED COMMERCIAL BANKS, 1934-1940

(Amounts in millions of dollars)

	1934	1935	1936	1937	1938	1939	1940
Gross current operating earnings	1,518	1,486	1,567	1,634	1,584	1,605	1,631
Total current operating expenses a	1,117	1,083	1,126	1,167	1,158	1,160	1,193
Net current operating earnings	**401**	**403**	**441**	**467**	**426**	**445**	**438**
Profits on assets sold, recoveries on assets, etc.	292	432	585	309	329	381	349
Losses, charge-offs, etc.	1,033	623	502	395	455	438	386
Net profits before dividiends	**b-340**	**207**	**524**	**381**	**300**	**388**	**401**
Cash dividends declared and interest paid on capital	188	207	223	226	222	232	237
Net profits after dividends	**b-528**	----	**301**	**155**	**78**	**156**	**164**

a Including income taxes. The figures of total current operating expenses shown in Table 139 exclude income taxes of banks reporting to the Corporation, except in 1934 and 1935. Since income taxes of other banks, which represent the major portion, are not reported separately, income taxes of banks reporting to the Corporation are included under total current operating expenses in this table.

b Net loss.

Insured Mutual Savings Banks

On December 31, 1940, the Federal Deposit Insurance Corporation was insuring deposits in 53 of the 551 mutual savings banks in the country. The 53 banks were operating 31 branches at the close of the year. Two banks, operating six branches, and holding deposits of $424 million, were admitted to insurance during the year.

Insured mutual savings banks held deposits of $1.8 billion at the end of the year, amounting to 17 percent of the $10.7 billion of deposits in all mutual savings banks. Eight of the insured banks held deposits of more than $50 million each, totaling $1.4 billion, or 77% of the deposits in all insured mutual savings banks. The 53 insured banks were located in 12 States. More than $1.5 billion of the deposits were held by banks located in six eastern States.

Of the $1,984 million of assets held by insured mutual savings banks on December 31, 1940, 30% were represented by real estate loans and 2% by other loans and discounts. United States Government securities held amounted to 28% of the assets and other securities to 24%. All remaining assets amounted to 16% of total assets.

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 Sept. 17:

The condition statement of weekly reporting member banks in 101 leading cities shows the following principal changes for the week ended Sept. 17: An increase of $52,000,000 in commercial, industrial and agricultural loans, decreases of $119,000,000 in loans to brokers and dealers in securities and $92,000,000 in holdings of United States Treasury bills, increases of $154,000,000 in reserve balances with Federal Reserve Banks, $146,000,000 in balances with domestic banks, and $258,000,000 in deposits credited to domestic banks, and a decrease of $128,000,000 in demand deposits-adjusted.

Commercial, industrial and agricultural loans increased somewhat in nearly all districts. Loans to brokers and dealers in securities declined $109,000,000 in New York City and $119,000,000 at all reporting member banks.

Holdings of Treasury bills declined $48,000,000 in the Chicago district, $43,000,000 in New York City, and $92,000,000 at all reporting member banks. Holdings of United States Government bonds increased $26,000,000 in New York City and declined $22,000,000 in the Chicago district and $6,000,000 at all reporting member banks.

Demand deposits-adjusted declined $196,000,000 in New York City and $128,000,000 at all reporting member banks, and increased $28,000,000 in the Cleveland district and $20,000,000 in the San Francisco district.

Deposits credited to domestic banks increased in nearly all districts, the principal increases being $104,000,000 in New York City and $49,000,000 in the Chicago district; the total increase at all reporting member banks was $258,000,000.

A summary of the principal assets and liabilities of reporting member banks together with changes for the week and the year ended Sept. 17, 1941, follows:

Assets—	Sept. 17, 1941 $	Increase (+) or Decrease (—) Sept. 10, 1901 $	Increase (+) or Decrease (—) Sept. 18, 1940 $
Loans and Investments—total	29,098,000,000	—132,000,000	+4,814,000,000
Loans—total	10,917,000,000	— 58,000,000	+2,225,000,000
Commercial, industrial and agricultural loans	6,362,000,000	+ 52,000,000	+1,784,000,000
Open market paper	394,000,000	— 3,000,000	+ 98,000,000
Loans to brokers and dealers in securities	469,000,000	—119,000,000	+ 65,000,000
Other loans for purchasing or carrying securities	437,000,000	--------	— 25,000,000
Real estate loans	1,260,000,000	+ 2,000,000	+ 38,000,000
Loans to banks	40,000,000	— 3,000,000	— 5,000,000
Other loans	1,955,000,000	+ 13,000,000	+ 270,000,000
Treasury bills	844,000,000	— 92,000,000	+ 171,000,000
Treasury notes	2,287,000,000	+ 3,000,000	+ 196,000,000
U. S. bonds	7,957,000,000	— 6,000,000	+1,416,000,000
Obligations guaranteed by U. S. Gov't	3,320,000,000	+ 7,000,000	+ 737,000,000
Other securities	3,773,000,000	+ 14,000,000	+ 69,000,000
Reserve with Federal Reserve Banks	10,879,000,000	+154,000,000	— 611,000,000
Cash in vault	551,000,000	— 22,000,000	+ 49,000,000
Balances with domestic banks	3,676,000,000	+146,000,000	+ 380,000,000
Liabilities—			
Demand deposits—adjusted	24,375,000,000	—128,000,000	+3,391,000,000
Time deposits	5,430,000,000	— 1,000,000	+ 75,000,000
U. S. Government deposits	615,000,000	+ 6,000,000	+ 85,000,000
Interbanks deposits:			
Domestic banks	9,707,000,000	+258,000,000	+1,020,000,000
Foreign banks	613,000,000	— 17,000,000	— 70,000,000
Borrowings	1,000,000	--------	--------

Foreign Front

(*Continued from Page* 313)

lower reaches of the Dnieper River, and on Monday they reported severance of Russian communications to the Crimea, where the Black Sea naval base of Sevastopol is located. Odessa, however, continued to hold out against the Germans and their allies.

Far to the north the bloody battle for Leningrad raged unremittingly, with the Russian army of soldiers and civilians contesting every foot of ground. The Nazis reported capture of bunkers here and there, on the rim of the defenses of Leningrad. Vast aerial battles apparently raged over the second city of Russia, for the defenders of Leningrad rose to meet heavy bombing attacks by the German fliers. Off the Estonian coast the Germans were able to report the capture of part of the important island of Oesel, held by the Communists for about a year. The batteries of the great Russian fortress of Kronstadt, off Leningrad, were said by the Finns to have been silenced.

Heavy destruction of Russian naval vessels also was reported by the Nazis, both in the Baltic and the Block Sea. Virtually all of the Russian Baltic Fleet was trapped in the Gulf of Finland, according to Berlin, and systematic aerial bombing was said on Monday to have caused damage to the 23,000 ton battleship October Revolution, and the 8,800 ton cruiser Kirov. A number of other ships also were damaged in the Gulf of Finland, it was claimed. In the Black Sea the Germans reported officially the sinking of a Russian cruiser, two destroyers and a number of small craft. Moscow, in turn, claimed on Tuesday the sinking of large numbers of German vessels.

In the battle of bulletins, claims that seem utterly fantastic were advanced, but no way of checking the assertions is open, and a good deal of truth may be hidden in the reports. Russian prisoners taken in the Kiev pocket were said by the Germans on Tuesday to number more than 380,000, and no less than 50 divisions, totaling about 750,000 men, were said by Berlin to have been "smashed." This raised the total of Russian prisoners allegedly in German hands to more than 2,000,000, for the war. All Russian casualties, computed from the German statements, would number somewhere between 4,000,000 and 6,000,000. The Russians scoffed and said their losses were small, compared with the German claims. Moscow advanced the argument that 3,000,000 Nazis have been killed, wounded or captured.

Confusing this matter of claims additionally was an official recapitulation of German losses from the start of the campaign on June 22 to the end of Aug. Such losses, the Germans said on Saturday, totaled 402,865, consisting of 85,896 dead, 296,670 wounded and 20,229 missing. British circles, which had estimated German losses at 2,000,000, maintained that the official German figures were untruths and that the losses actually were much greater. Both countries have called virtually their entire manpower to arms, and Russia is expected to have 25,000,000 men in the armed forces before long.

Britain and Germany

Military activities varied little during recent days in the direct struggle being waged between Great Britain and Nazi Germany, and there appears to be little prospect for an early change since "invasion weather" rapidly is passing. Vast aerial attacks by the British upon German centers weather permitted, and some German bombing attacks upon British cities also developed. The war on the high seas was intensified, but remains inconclusive.

Invasion aspects of the conflict furnish the negative news of greatest significance, for the time being. It has been held for some time that desperation on the part of the Nazi High Command might occasion an effort to breach the British defenses through attempted landings. No such endeavors so far have been reported, officially. The British forces unquestionably are under the compulsion of trying to effect a landing on the Continent and thus create a diversion for the relief of Russia, if London can see anything but black disaster in such maneuvers. But the British Government also refrains from experiments of this nature. This mutual abstention is highly instructive.

British fliers retained the initiative in the aerial combat, for vast armadas ranged over the Continent night after night, with raids also reported by daylight over the nearby invasion coast of France and the Low Countries. Unaccompanied bombing airplanes did the night raiding into Germany, but the bombers that flew over France were escorted by fighters. The German retaliation was relatively feeble and ineffective, according to London reports. That a great deal of damage was done by the British is hardly to be doubted. No indication so far has appeared, however, of a break in the German morale or of destruction on a scale affecting the German ability to wage war against Russia. Admitted aerial losses of the British ranged to more than a dozen planes on some occasions, with the Nazis claiming far larger downings of their adversaries. The German aerial losses in Western Europe admittedly were modest.

German submarines, aerial bombers and raiders continued their destruction on the high seas, with the waters around Iceland an obvious zone of great danger. It was reported in Berlin on Monday that an attack on a convoy which resulted in alleged sinkings of 28 merchant vessels, last week, took place in Icelandic waters. In waters nearer England a number of German speedboats are said to be operating, and large surface raiders are ranging farther over the oceans. Nazi aerial bombers are said by some observers to be more destructive than any other arm of the Reich fighting services.

The trend of the fighting indicates plainly that the Nazis are intent upon another campaign against British and Allied shipping. Britain's Heel of Achilles is the problem of supply for the Motherland and of transportation to the various fronts deemed to be important for the British defense. Whether British and American shipbuilding can counter the losses and enable the British to continue all activities in all spheres is one of the crucial questions of the war.

Occupied Europe

Grim tales of opposition to the German forces continue to come from the countries occupied or dominated by the Nazis, and they are accompanied in all instances by even more desperate reports of executions of hostages. German authorities supplied a recapitulation, Monday, which showed

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Foreign Trade In July

Exports of the United States in July, under the stimulus of relatively large lend-lease shipments, rose about 9% above June, while imports were hardly changed from the month previous. Both items of trade were substantially higher than in the corresponding month of 1940. The month's exports aggregated $358,649,000 compared with $329,737,000 in June and $316,696,000 in July 1940. Imports amounted to $277,847,000 in July, $279,536,000 in June and $232,393,000 in July 1940. These figures indicate an export balance of trade in all three periods, amounting to $80,802,000 in July, $50,201,000 in June and $84,276,000 in July 1940. But, as we have previously observed, lend-lease shipments can hardly be regarded in the same category as normal exports, so far as their influence on the trade balance is concerned, for the plan under which such shipments are made implies considerable uncertainty as to the nature and time of payment therefor; perhaps the most conservative light in which to regard them is as gifts. Through the month of August, the President recently reported, lend-lease expenditures totaled $486,721,000. All of this did not go into exports, some of it being for such items as "services rendered." But lacking a breakdown, we may assume that the total was for items shipped abroad. If we then deduct therefrom, $75,202,000, the amount of lend-lease expenditures made through May 31, according to the President's report of last June, we can place shipments in the period June, July, and August at $411,519,000, or at the rate of about $137,000,000 a month. If that figure represents a fair estimate, lend-lease shipments for one month were greater than the combined export balances of June and July.

The President's report places shipments of agricultural products alone, under the lend-lease program, through August 31, at $110,603,550 and apparently more than $100,000,000 of this amount was shipped since last May 31. The foreign trade report for July shows evidence of heavier shipments in this classification in that month; manufactured foodstuffs shipped in July were reported as worth $38,472,000 compared with $27,805,000 in June and $12,701,000 in July 1940. Crude foodstuff shipments were nearly $2,000,000 higher than in June but somewhat less than in July 1940. Individual items in these classifications, showing increases over the previous month included lard, dairy products, fresh, dried and canned vegetables, fresh, dried and evaporated fruits and corn. Most of these were higher than a year previous also. Among the items associated with the actual conduct of the war, only firearms and ammunition rose markedly above the month preceding; shipments of these items totaled $19,800,000 compared with $9,300,000 in June.

Cotton was not among the agricultural items going abroad in larger amounts; shipments of the staple totaled only 31,745,000 pounds worth $4,516,000 in July compared with 39,241,000 pounds valued at $4,729,000 in June and 74,341,000 pounds valued at $7,861,000 in July 1940.

While the total value of imports did not change greatly from June to July, some of the individual items showed substantial increases and decreases. Among those increasing were crude rubber, which alone had a value of $40,200,000, copper and tin. Items which were imported in smaller quantity included silk, coffee and wool and mohair.

Gold imports in July totaled $37,055,000, slightly more than in the two previous months, but greatly reduced from July 1940, when $19,983,000 was received. Silver imports amounting to $4,686,000, were about the average of the past two years. Exports of gold were inconsequential, as in all recent months, and of silver amounted to $353,000.

Bonds Off Slightly

There have been some declines in the bond market again this week, largely among the more speculative issues. Treasury bonds remained firm. Announcement was made by the Federal Reserve Board that reserve requirements would be raised by one-seventh as of November 1; this brings them to the present statutory limit. It is estimated that excess reserves will be reduced by about $1,200,000,000 thereby.

High-grade railroad bonds have lost fractions. Atchison, Topeka & Santa Fe 4s, 1995, were off ⅜ at 108⅛. Medium-grade rail issues have been active and bonds in this group showed a good undertone while the speculative rail bond market was depressed with a firming tendency toward the close. New York Central junior issues have been under pressure, the refunding 4½s sinking to a new low of 49⅞, closing at 50, off 1⅜ points from a week ago. Nickel Plate, Southern Pacific, Northern Pacific and Illinois Central bonds registered losses. Defaulted rail bonds averaged lower. An underwriting group purchased at a bid of 101.0959 the $18,000,000 Ohio mortgage of the Erie Railroad while the Santa Fe announced redemption of $28,070,000 debenture 4½s, 1948. Rumors were current that Nickel Plate may refinance its $16,000,000 collateral trust 4% issue as soon as the October 1, 1941, note maturity is consummated.

High-grade and investment quality utility bonds have maintained a fairly steady position this week. Special situations have commanded some attention, notably Associated Gas & Electric debentures, which advanced, and the International Hydro-Electric 6s, 1944, which declined. Canadian utility bonds, after recovering appreciably on rumors of Government financing, settled back.

A generally better tone has prevailed in the industrial section of the list this week. Steels and oils have been generally steady, a large fractional gain has been shown by the General Steel Castings 5½s, 1949, moderate strength has been shown by the Hudson Coal 5s, 1962, and in the retail selling field gains of a point each were registered by the Childs Company 5s, 1943, and United Drug 5s, 1952. In the sugar section, the Francisco 6s, 1956, gained 1⅞ points at 68⅜, but the Manati 4s, 1957, lost ¼ at 43¼. A large fractional loss was registered by the Curtis Publishing 3s, 1955.

The announcement that they would be redeemed at maturity on October 1 next advanced Queensland 7s to 99½ while the 6s after reaching a new high mark became unsettled in sympathy with other Commonwealth loans. Canadian issues continued strong while among South American bonds Paulista Railway 7s changed hands at 95 as other Brazilian issues sold off fractionally. In the European list Norwegian bonds steadied around their best levels as Danish and Belgian issues tended lower. Japanese have been irregularly weaker.

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES †
(Based on Average Yields)

1941 Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus.
Sept 23	118.95	107.44	118.20	114.85	108.70	91.19	96.69	111.81	115.43
22	118.96	107.62	118.20	114.85	108.70	91.34	96.54	111.81	115.43
20	118.88	107.44	118.00	114.85	108.70	91.34	96.69	111.81	115.43
19	118.84	107.62	118.00	114.85	108.70	91.48	96.69	111.81	115.43
18	118.84	107.62	118.00	114.85	108.70	91.48	96.85	111.81	115.43
17	118.82	107.62	118.20	114.66	108.70	91.48	96.69	111.62	115.43
16	118.87	107.62	118.00	114.66	108.70	91.62	96.85	111.81	115.24
15	118.96	107.44	117.80	114.66	108.70	91.62	97.00	111.81	115.04
13	119.02	107.62	118.00	114.46	108.70	91.77	97.00	111.81	115.24
12	119.02	107.62	118.00	114.66	108.70	91.62	97.00	111.81	115.24
11	119.02	107.62	118.00	114.85	108.70	91.77	97.16	111.81	115.24
10	119.09	107.80	118.20	115.04	108.88	91.91	97.16	111.81	115.43
9	119.11	107.80	118.20	114.85	108.88	91.91	97.16	112.00	115.43
8	119.13	107.80	118.20	114.85	108.70	92.06	97.16	112.00	115.24
6	119.18	107.80	118.20	114.85	108.70	92.06	97.16	112.00	115.24
5	119.13	107.80	118.20	114.85	108.88	95.06	97.31	112.00	115.24
4	119.16	107.80	118.20	114.85	108.88	92.06	97.16	112.00	115.43
3	119.13	107.80	118.20	114.66	108.88	92.06	97.16	112.00	115.43
2	119.13	107.80	118.20	114.66	108.88	92.06	97.16	112.00	115.43
1				Stock Exchange Closed					
Aug. 29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
22	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
15	118.90	107.80	118.00	115.04	108.70	91.91	97.31	112.00	115.04
8	119.20	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
1	119.56	107.80	118.20	115.24	108.52	92.06	97.47	112.00	115.24
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
18	119.47	107.62	118.20	115.04	108.34	91.91	97.46	112.00	115.04
11	119.46	107.62	118.20	115.04	108.16	91.91	97.16	111.81	115.04
3	119.55	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
June 27	119.45	107.44	118.00	114.66	107.80	91.77	97.16	114.44	114.66
20	119.02	107.09	117.80	114.46	107.62	91.48	97.00	111.44	114.27
13	118.97	106.92	117.60	114.08	107.44	91.48	97.00	111.25	113.89
6	118.81	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.31
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
23	118.35	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93
16	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.52	112.75
9	118.45	106.56	116.80	113.12	106.92	91.62	97.00	110.52	112.93
2	118.66	106.39	117.00	112.93	106.74	91.34	96.85	110.52	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
18	118.28	105.86	116.41	112.56	106.39	90.91	96.54	110.15	112.00
10	117.36	105.69	116.41	112.19	106.21	90.77	96.54	109.79	111.81
4	117.55	106.04	116.80	112.37	106.21	91.48	97.00	109.97	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
21	117.85	106.21	117.00	112.93	106.56	90.77	96.54	110.15	112.75
14	117.77	106.21	117.40	113.31	106.56	90.48	96.54	109.97	113.31
7	116.90	106.04	117.40	113.31	106.39	90.20	96.23	109.97	113.12
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
21	116.06	105.52	117.00	112.75	106.04	89.52	95.62	109.60	112.75
14	116.24	105.86	117.60	113.12	106.21	89.64	95.92	109.60	113.12
7	116.52	106.21	117.80	113.31	106.39	90.20	95.54	109.79	113.31
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
24	117.64	106.56	117.60	113.89	106.56	90.77	97.16	109.97	113.50
17	118.06	106.56	118.20	113.89	106.56	90.48	96.69	110.15	113.89
10	118.03	106.56	118.20	114.27	106.56	90.34	96.69	110.15	114.08
3	118.65	106.39	118.40	114.46	106.39	89.78	95.92	110.15	114.46
High 1941	119.62	107.98	118.60	115.24	108.88	92.35	97.62	112.00	115.43
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	86.38	105.52	106.56
1 Yr. Ago Sept. 23, 1940	116.64	104.31	116.80	112.93	103.97	87.32	93.08	109.79	111.62
2 Yrs. Ago Sept. 23, 1939	108.87	96.23	107.27	103.30	94.71	82.40	87.59	100.00	101.97

MOODY'S BOND YIELD AVERAGES †
(Based on Individual Closing Prices)

1941 Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Sept 23	3.31	2.74	2.91	3.24	4.33	3.96	3.07	2.88
22	3.30	2.74	2.91	3.24	4.32	3.97	3.07	2.88
20	3.31	2.75	2.91	3.24	4.32	3.96	3.07	2.88
19	3.30	2.75	2.91	3.24	4.31	3.96	3.07	2.88
18	3.30	2.75	2.91	3.24	4.31	3.95	3.07	2.88
17	3.30	2.74	2.92	3.24	4.31	3.96	3.08	2.88
16	3.30	2.75	2.92	3.24	4.30	3.95	3.07	2.89
15	3.31	2.76	2.92	3.24	4.30	3.94	3.07	2.90
13	3.30	2.75	2.93	3.24	4.29	3.94	3.07	2.89
12	3.30	2.75	2.92	3.24	4.30	3.94	3.07	2.89
11	3.30	2.75	2.91	3.24	4.29	3.93	3.07	2.89
10	3.29	2.74	2.90	3.23	4.28	3.93	3.07	2.88
9	3.29	2.74	2.91	3.23	4.28	3.93	3.06	2.88
8	3.29	2.74	2.91	3.24	4.27	3.93	3.06	2.89
6	3.29	2.74	2.91	3.24	4.27	3.93	3.06	2.89
5	3.29	2.74	2.91	3.23	4.27	3.92	3.06	2.89
4	3.29	2.74	2.91	3.23	4.27	3.93	3.06	2.88
3	3.29	2.74	2.92	3.23	4.27	3.93	3.06	2.88
2	3.29	2.74	2.92	3.23	4.27	3.93	3.06	2.88
1			Stock Exchange Closed					
Aug. 29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
22	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
15	3.29	2.75	2.90	3.24	4.28	3.92	3.06	2.90
8	3.28	2.74	2.89	3.24	4.26	3.91	3.06	2.89
1	3.29	2.74	2.89	3.25	4.27	3.91	3.06	2.89
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
18	3.30	2.74	2.90	3.26	4.28	3.93	3.06	2.90
11	3.30	2.74	2.90	3.27	4.28	3.93	3.07	2.90
3	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.93
20	3.33	2.76	2.93	3.30	4.31	3.94	3.09	2.94
13	3.34	2.77	2.95	3.31	4.31	3.94	3.10	2.96
6	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.99
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
23	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01
16	3.37	2.82	2.99	3.34	4.32	3.95	3.14	3.02
9	3.36	2.81	3.00	3.34	4.30	3.94	3.14	3.01
2	3.37	2.80	3.01	3.35	4.32	3.95	3.14	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.05
18	3.40	2.83	3.03	3.37	4.35	3.97	3.16	3.06
10	3.41	2.83	3.05	3.38	4.36	3.97	3.18	3.07
4	3.39	2.81	3.04	3.38	4.31	3.94	3.17	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
21	3.38	2.80	3.01	3.36	4.36	3.97	3.46	3.03
14	3.38	2.78	2.99	3.36	4.38	3.97	3.17	2.99
7	3.39	2.78	2.99	3.37	4.40	3.99	3.17	3.00
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
21	3.42	2.80	3.02	3.39	4.45	4.03	3.19	3.02
14	3.40	2.77	3.00	3.38	4.44	4.01	3.19	3.00
7	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
24	3.36	2.77	2.96	3.36	4.36	3.93	3.17	2.98
17	3.36	2.74	2.96	3.36	4.38	3.96	3.16	2.96
10	3.36	2.74	2.94	3.36	4.39	3.96	3.16	2.95
3	3.37	2.73	2.93	3.37	4.43	4.01	3.16	2.93
High 1941	3.42	2.84	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.28	2.72	2.89	3.23	4.25	3.90	3.06	2.88
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.36
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 Year Ago— Sept. 23, 1940	3.49	2.81	3.01	3.51	4.61	4.20	3.18	3.03
2 Years Ago— Sept. 23, 1939	3.99	3.32	3.55	4.09	4.99	4.59	3.75	3.63

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 19 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 6, 1941, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 6 (in round-lot transactions) totaled 439,870 shares, which amount was 16.72% of total transactions on the Exchange of 2,504,760 shares. This compares with member trading during the previous week ended Aug. 30 of 345,740 shares or 14.93% of total trading of 2,349,990 shares. On the New York Curb Exchange, member trading during the week ended Sept. 6 amounted to 105,995 shares, or 16.07% of the total volume on that Exchange of 587,720 shares; during the preceding week trading for the account of Curb members of 77,150 shares was 15.70% of total trading of 469,980 shares.

The Commission made available the following data for the weeks ended Aug. 30 and Sept. 6:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	Week Ended Aug. 30, 1941 N. Y. Stock Exchange	Week Ended Aug. 30, 1941 N. Y. Curb Exchange	Week Ended Sept. 6, 1941 N. Y. Stock Exchange	Week Ended Sept. 6, 1941 N. Y. Curb Exchange
Total Number of Reports Received	1,059	778	1,056	778
1. Reports showing transactions as specialists	181	97	186	95
2. Reports showing other transactions initiated on the floor	174	34	170	32
3. Reports showing other transactions initiated off the floor	180	66	196	76
4. Reports showing no transactions	625	590	600	584

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are affected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

	Total for Week Ended Aug. 30	Per Cent a	Total for Week Ended Sept. 6	Per Cent a
A. Total Round-Lot Sales				
Short sales	56,260		67,100	
Other sales b	2,293,730		2,437,660	
Total sales	2,349,990		2,504,760	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists				
1. Transactions of specialists in stocks in which they are registered				
Total purchases	174,950		189,480	
Short sales	21,000		25,910	
Other sales b	152,100	7.41	170,730	7.71
Total sales	173,100		196,640	
2. Other transactions initiated on the floor				
Total purchases	113,830		120,840	
Short sales	7,200		12,800	
Other sales b	85,440	4.39	117,080	5.00
Total sales	92,640		129,880	
3. Other transactions initiated off the floor				
Total purchases	66,940		87,470	
Short sales	10,900		16,200	
Other sales b	69,100	3.00	97,150	4.01
Total sales	80,000		113,350	
4. Total				
Total purchases	355,720		397,790	
Short sales	39,100		54,910	
Other sales b	306,640	14.93	384,960	16.72
Total sales	345,740		439,870	

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

	Total for Week Ended Aug. 30	Per Cent a	Total for Week Ended Sept. 6	Per Cent a
A. Total Round-Lot Sales				
Short sales	5,825		7,080	
Other sales b	464,155		580,640	
Total sales	469,980		587,720	
B. Round-Lot Transactions for the Account of Members				
1. Transactions of specialists in stocks in which they are registered				
Total purchases	43,740		49,460	
Short sales	3,905		3,020	
Other sales b	52,385	10.64	54,945	9.14
Total sales	56,290		57,965	
2. Other transactions initiated on the floor				
Total purchases	7,925		16,750	
Short sales	25		1,600	
Other sales b	9,100	1.82	11,360	2.53
Total sales	9,125		12,960	
3. Other transactions initiated off the floor				
Total purchases	18,740		16,710	
Short sales	870		550	
Other sales b	10,865	3.24	34,520	4.40
Total sales	11,735		35,070	
4. Total				
Total purchases	70,405		82,920	
Short sales	4,800		5,170	
Other sales b	72,350	15.70	100,825	16.07
Total sales	77,150		105,995	
C. Odd-Lot Transactions for the Account of Specialists				
Customers' short sales	0		0	
Customers' other sales c	37,923		33,111	
Total purchases	37,923		33,111	
Total sales	17,675		20,916	

* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total of members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

President Makes Second Lend-Lease Report, Reveals Allocation of Funds to Congress

President Roosevelt, in submitting his second report to Congress covering operations under the Lend-Lease Act, disclosed on Sept. 15 that, of the $7,000,000,000 appropriated for the program, more than $6,250,000,000 has been allocated to the agencies principally charged with the actual procurement of the supplies. Contracts have been let for over $3,500,000,000, the President stated, adding that contracts will soon be placed for the entire $7,000,000 appropriation.

The exact amount of allocations up to Aug. 31 was shown by the President's report to be $6,281,237,421 which compares with $4,277,412,879 in his first report as of May 31.

Total expenditures of the program up to Aug. 31 were reported at $388,912,115, with $324,563,748 worth of defense materials, supplies and services transferred under the Lend-Lease Act to countries resisting aggression.

Actual exportations of lend-lease cargoes amounted to $190,447,670, with 89% sent in the 90 days ended Aug. 31 and but 11% in the previous period. A breakdown of this total follows:

Ordinance and ordinance stores, $35,775,521; tanks and other vehicles, $28,163,729; aircraft and aeronautical material, $6,016,145; vessels and other watercraft, $2,313,720; miscellaneous military equipment, $104,017; agricultural, industrial and other commodities, $118,074,538.

In his letter transmitting the report, the President declared that through August "the total dollar value of defense articles transferred and defense services rendered, plus expenditures for other lend-lease purposes, amounted to $486,721,838."

This figure was made up of $324,563,748 worth of goods transferred and $162,158,090 for articles and services in the process of being transferred.

President Roosevelt pointed out that the $7,000,000,000 fund for purchasing defense articles has been available less than six months and hence, "actual transfers from these funds have necessarily been limited to articles which could be purchased in a finished state or produced in that time." He added:

"The speed with which future lend-lease transfers will be made depends largely on the speed with which our industries deliver the goods. The rate of our production must be accelerated and every step to achieve that end must and will be taken."

Saying that the "true measure of the volume of war supplies moving from our shores is reflected in our total exports" the President observed that "since the beginning of the war, about $4,400,000,000 worth of goods has been exported to the British Empire." It was pointed out that large contracts were placed in this country prior to the lend-lease act and that deliveries are being made a long with lend-lease articles.

From the Presidents letter to Congress we also quote.

Contracts have been placed and work has started on nearly $1,000,000,000 of bombardment aircraft. New ways have been started and work is in progress for about $500,000,000 of new mechant shipping. New facilities to speed the production of guns, ammunition and other defense articles have been started under contracts totaling about $262,000,000. Over $430,000,000 has been allocated, and over $250,000,000 has been obligated, for the purchase of milk, eggs and other agricultural products.

Daily the aid being rendered is growing. Through the month of August the total dollar value of defense articles transferred and defense services rendered, plus expenditures for other lend-lease purposes, amounted to $486,721,838.

Food and steel and machinery and guns and planes have been supplied in increasing quantities. Agricultural commodities worth $110,606,550 have been transferred to the countries we are aiding. We have transferred to the United Kingdom more than 44,000,000 pounds of cheese, more than 54,000,000 pounds of eggs, more than 89,000,000 pounds of cured pork, more than 110,000,000 pounds of dried beans and more than 114,000,000 pounds of lard. We have transferred to them more than 3,000,000 barrels of gasoline and oil. We have sent them many tanks. Merchant and naval ships and other transportation equipment are being transferred in growing amounts.

A substantial number of cargo ships and tankers have been chartered to the use of those countries whose defense is vital to our own. Our yards are repairing Allied mechant ships. We are equipping Allied ships to protect them from mines; and we are arming them, as much as possible, against aircraft, submarines and raiders.

While the British Empire "has received the bulk of our aid," the President reported that assistance has also been extended to China, the Dutch East Indies, the exiled governments of Poland, Netherlands, Norway, Greece Belgium and Yugoslavia. Also receiving aid under the lend-lease program are Iceland and the countries of Central and South America.

The President also took occasion in his letter of transmitted to praise the "gallant resistance of the Russian people" and, while stating that the American government is using its energies to make available supplies urgently needed by Russia, he pointed out that the "Soviet Government's purchases here are being with its own funds through its regular purchasing agency."

Declaring that aid is not being furnished as "an act of charity or sympathy, but as a means of defending America," the President further said:

"We offer it because we know that piecemeal resistance to aggression is doomed to failure; because the ruthless war machine which now bestrides the Continent of Europe can be combated only by the combined efforts of all free peoples and at all stragegic points were the aggressor may strike."

Foreign Front

(Continued on Page 317)

that close to 300 persons had been put to death for acts and tendencies which the Nazis found dangerous. Many of these executions occurred in France, but Belgium, Holland, Norway and Yugoslavia also supplied victims.

Marshall Henri Philippe Petain urged the French people, Sunday, to refrain from acts which would bring reprisals from the Germans. Maintenance of order was asked by the French Chief of State for the sake of innocent hostages and in order to prevent "new troubles." The German conquerors made it clear, meanwhile, that executions would increase in numbers, in approximate ratio to the causes inspiring them. Various observers pointed out that the acts of sabotage and the attacks upon Germans in the occupied countries coincided not only with the possibility of protracted war, but also with the involvement of Communist Russia.

The sad plight of France and the Low Countries is matched by the situation in some portions of Scandinavia. Norway was placed under Nazi martial law, last Sunday, owing to disturbances which probably will continue despite the most drastic decrees of the invaders. Sweden holds to a neutral position, notwithstanding incidents that must be trying the patience of all Swedes. Three Swedish destroyers were blasted and destroyed, last week, as a consequence of an explosion and a fire, said to be of undetermined origin. This disaster occurred in a Swedish naval base and took the lives of 31 Swedish sailors. The Swedish Prime Minister, Per Albin Hanssen endeavored to quiet the nerves of his countrymen, last Saturday, by affirming a policy of neutrality in the great European war.

Winter Warfare

Numerous incidents in the Mediterranean and the Middle East suggest that a winter campaign may develop along this British lifeline to the East, with still more countries added to the roster of those engaged in the world conflict. British naval units in the Mediterranean are interrupting seriously the transportation of Axis forces by sea to the Western Desert region. The fact that such a flow is in progress is evident and it unquestionably presages a struggle for Egypt and the Suez Canal. At the western end of the Mediterranean the Italians staged a spectacular but not especially significant attack on Gibraltar, last Saturday. Rome claimed that small "torpedo-mosquito" boats sank three merchant ships, but London said merely that an old hulk had been hit.

It is now clear that the Germans and some of their allies are preparing actively for warfare far to the East, and that England calmly is preparing counter-measures. The Russo-Bulgarian diplomatic strife has reached the point of an almost open break of relations. The small Balkan country is said to be under severe Nazi pressure to take up arms against Russia, and Turkey seems to be next on the German list. Ankara and Berlin were engaged in diplomatic conversations all week, and the possibility is not to be denied of a Turkish move toward the Axis.

London conjectures that the Nazis, in the event of further military successes in the Russian Ukraine, might well endeavor to extend their domain to the Caucasus oil region. The British are ready, it is intimated, to join the Russians on that front and fight any German advance. In order to make provision for an eastward move, the Germans obviously would find control of the Dardanelles advisable, which again brings up the problem of Turkey. London was confident that the Turks would not relinquish control of the Straits to the Nazis.

Iran now appears to be firmly in Anglo-Russian hands, although there may well be some differences between these Allies regarding the area each is to police or control. The rail line from the head of the Persian Gulf into Russia is vital for supplying the Soviet with British and American aid. The British Government apparently is tightening the defenses even as far east as Afghanistan, for it was indicated on Tuesday that suggestions have been made to the Afghans for an expulsion of Germans similar to that which preceded the invasion of Iran.

Far Eastern Crisis

Despite occasional surface indications of change, there still is no genuine reason for assuming that the aggressive policy of Japan in Eastern Asia is being relaxed or is likely to be replaced by respect at Tokio for the rights of other nations. The belief that the Japanese militarists might experience a change of heart began to wane, as preparations were made in Tokio for celebrating the first anniversary of the adherance of Japan to the Axis, and as anti-Axis newspaper comments were replaced by grim references to Britain and the United States. No information yet has been made public concerning the exchange between Premier Prince Fumimaro Konoye and President Roosevelt.

Effects of the economic sanctions applied by Washington and London against the Far Eastern aggressors are beginning to be serious. Allocations for the production of iron and steel articles were drastically reduced at Tokio, Tuesday. The size of newspapers is being cut down and in many other ways the Japanese are suffering fresh privations in addition to the many imposed on them in consequence of the moves against China and French Indo-China. There is now some reason to believe that the recent diplomatic exchanges between the United States and Japan related mainly to the natural desire of Tokio for removal of the sanctions.

If the sanctions fail to deter the Japanese from still more aggressive steps in Eastern Asia, it is evident that another major defeat for the foreign policy pursued by President Roosevelt will be recorded. There is no longer much expectation in expert circles that Tokio will abandon the European Axis partners. The indications are, rather, that a Japanese attack upon Siberia will develop instantly, if the Germans should be successful against Russia in Europe. Together with fifty other relatives of Russian Embassy officials in Tokio, Mrs. Constantin Smetanin, wife of the Soviet Ambassador, left Japan for her home, last Saturday.

In Southern Asia there still appears to be some doubt as to whether the Japanese will turn northward or southward for their next conquest. Japanese army maneuvers are about to begin on the plains of Cambodia, adjoining Thailand, and in Bangkok it almost is taken for granted that the maneuvers cloak the start of a new aggressive campaign. Preparations are being rushed at Singapore for any eventualities. Meanwhile, the Chinese continue their desperate guerrilla resistance and must also be accorded a prominent place in the determination of the next moves.

Wage-Hour Records Regulations Revised And Simplified, Dept. of Labor Announces

Revision of the record-keeping regulations under which 350,000 employers must keep payroll and other records concerning more than 15,500,000 workers was announced on Sept. 15 by General Philip B. Fleming, Administrator of the Wage and Hour Division, U. S. Department of Labor. The new regulations in several instances simplify present requirements. In others, they call for the recording of additional information. They apply to all employers who have employees engaged in interstate commerce or in the production of goods for interstate commerce. Gen Fleming said:

"About one-fourth of the 48,000 inspections we made in the last fiscal year showed employers in technical violation of the Act through failure to keep prescribed records. Our requirements in the matter of payroll records are very simple. No special order or form of records has been required or is required in the new regulations. However, we must have accurate information on the number of hours employees have worked. Employers paying on a salary, piece work, or other production bases have in many cases failed to realize this. An important part of the work of our men on inspections is education in the matter of keeping payroll records to satisfy the purposes of this law."

The following is a new requirement of the regulations:

"Each employer shall . . . preserve for at least two years from the last date of entry the originals or true copy of any and all customer orders or invoices received, incoming or outgoing shipping or delivery records, as well as all bills of lading, and all billings to customers (other than 'cash') which the employer retains or makes in the course of his business or operations."

Preservation of these records is required to enable Wage and Hour inspectors to determine if the Act applies at any given time.

General Fleming's announcement was made public by Arthur J. White, Regional Director for the states of New York, New Jersey and Connecticut from the regional offices, at 341 Ninth Avenue, New York. In part Mr. White says.

The revision of the regulations resulted from petitions filed by large employers, among them the American Telephone and Telegraph Co., the Association of American Railroads, the Westinghouse, and the Comptrollers Institute of America. Hearings were held in Washington on Oct. 17 and 18, 1940, and on May 12 and 13, 1941. Many of the employers attending the hearings asked for changes which would simplify payroll records of corporations paying semi-monthly instead of weekly. As the 40-hour workweek is the unit of the Wage and Hour law, the Division's record-keeping regulations had required recording of total hours worked each day and each workweek and total straight time compensation for each week. The requirement of a record of weekly earnings did not mean that the employer had to pay his employees each week. However, some large employers petitioned that recording of weekly as well as semimonthly earnings would be a costly and an unnecessary addition to bookkeeping. As a result, employers paying on a semi-monthly basis may record daily instead of total weekly straight-time earnings. As to hours, daily and total weekly recordings is still required by the regulations. Daily hours may be recorded by entering starting and stopping time.

Although executive, administrative, professional employees and outside salesmen are not within the wage and hour requirements of the law, the regulations require among other things that a record be kept of the total wages or salaries paid them each pay period and show the basis on which such wages or salaries are paid. Current regulations require only recording of the name, address and occupation of such employees.

All additions to or deductions from cash wages for rent, company store purchases, etc., may be recorded on a pay period basis where they do not affect minimum wage or overtime payments. Where they do affect cash payments of at least the minimum or overtime payments, they must be recorded on a weekly basis and employers must preserve "all records used . . . in determining the original cost, operating and maintenance cost, and depreciation and interest charges." Such records must be preserved two years.

The regulations are further extended by the requirement that employers within the coverage of the act, because of the interstate nature of their business, record the name, address, occupation, and place of employment, also date of birth if under 19, of employees exempt from both the minimum wage and the 40 hour week under Section 13 of the act. Such employees include all those of local retail and service establishments; seamen; employees of airlines; employees in the fish industry; agricultural workers; employees of small weekly or semi-weekly newspapers; employees of local traction companies; employees of small establishments processing certain agricultural commodities; employees of country telephone exchanges of less than 500 stations.

Fix Hide Differentials

Federal Price Administrator Henderson, in an amendment to the hide price schedule, on Sept. 12 established price differentials for all grades and classifications of domestic hides graded downward from 15½ cents for the four top grades. The new level of prices established a spread above and below the former ceiling for different qualities of hides. Mr. Henderson pointed out that the revision does not justify any change in the price of leather or leather products. In the original price schedule, effective June 16, a maximum price of 15 cents a pound was set on hides: referred to in these columns June 21, page 3903. Mr. Henderson said it was hoped that normal differentials would develop for the various grades under market conditions. The following is from the New York "Herald Tribune" of Sept. 13:

The new schedule applies the 15½-cent ceiling price to No. 1 native steers and cows of packer classifications. No. 2 native steer and cow hides have a top price of 14½ cents. From these levels the maximum prices in the packer classification scale down, according to grade, to lows of 11 cents a pound and 10 cents a pound, respectively, for No. 1 and No. 2 branded bulls.

Six-Point Program to Curb Inflation Outlined By H. H. Heimann of Credit Men's Association

If the United States hopes to curb inflation, it must accept priorities—not only for defense materials, but also in regard to the demand for credit, Henry H. Heimann, Executive Manager of the National Association of Credit Men, declared in the Association's "Monthly Business Review" released Sept. 15. "Unfortunately," Mr. Heimann pointed out, "the very word inflation inspires in too many a this-is-where-I-came-in feeling. Yet if we act with vigilance and discretion, we may be able to avert some of the tribulations that uncontrolled inflation can bring. To outline some important steps, however," he says, "is easier than to gain public acceptance and official action. Nevertheless it is the responsibility of each of us to realize and act on the realization that the Treasury of the wealthiest nation in the world cannot continually draw on reserves—past, present or future. Thus it is obvious that as individuals and as a nation we must retrench," he says, in listing the following six-point program:

It is likewise obvious that any defense program worthy of the name must have in mind economic solvency. Our people are willing to do everything possible to build up a strong defense program. In return they have a right to insist that Congress seriously turn to measures of economy on non-defense expenditures.

Second, we must pay for as much of our present outlay for defense as is possible. Yes, we must absorb heavier taxes now if we are going to keep our country financially sound. Widening the tax base, increasing the tax burden as equitably as possible—these are patently necessary. Present burdens of of some 12 billions annually are not the peak, if we face facts and act with corresponding realism.

Third, with all of our talk of sacrifice we must actually begin to put it into practice. That means we will have less consumers goods than we have been accustomed to having. The installment regulations have that objective.

Fourth, we should help avoid bank credit inflation by doing our bit in the purchase of defense savings bonds and stamps. Such buying should absorb the excess earnings, beyond taxes, that arise from defense-stimulated business activity. The defense bond program can be a potent check to a war inflation.

Fifth, as another anti-inflationary policy, we have control of prices, it seems obvious that if this nation is going to achieve sound price control it must cover all items. We can't make an exception of industrial wages or agriculture or any other major item and expect to have effective price control.

Finally, elimination of threats to our monetary structure, such as the present powers vested in the President with respect to devaluation, expansion of currency through silver certificates, and other powers, should be withdrawn.

These points itemize some of the major moves that will have to be made if we are going to avoid inflation. With all these, there is no positive assurance that the situation can be fully controlled. There is good reason, however, to believe that with these factors brought into play, we may not have a runaway inflation.

FDIC Asks Bank Data on Insurance—Deposits Up 36% In Last Three Years

Pointing out that the deposits of insured banks had increased more than 36% since Sept. 21, 1938, Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, announced on Sept. 16 that all insured banks will be asked to report to the Corporation as of Sept. 24, 1941, the proportion of their deposits that are protected under FDIC's $5,000 individual insurance limitation. Supplementary data covering deposits protected under hypothetical $10,000 and $25,000 individual insurance limits also are being called for. "It has been three years since we asked insured banks to supply us with information concerning the extent of insurance coverage within the individual institutions," Mr. Crowley said in his announcement of the special call. He went on to say:

During that period deposits have increased by 36%. Not only has the amount of deposits grown enormously during the last three years, but there have occurred changes in the distribution of deposits which may alter insurance coverage considerably. It consequently becomes imperative for us to learn what effect these changes have had upon the pattern of our risk. As heretofore, we are trying to make compilation of the required figures as easy as possible for insured banks, making announcement well in advance of the call date, and distributing necessary forms in ample time to permit study before the task actually is begun.

Chairman Crowley's announcement likewise said:

As of Sept. 21, 1938, last date for which such information was gathered, insured commercial banks reported total deposits of $48,000,000,000, of which $21,700,000,000, or 45%, were protected under the $5,000 insurance limit. The 49 mutual savings banks insured on that date reported total deposits of $1,000,000,000, of which $900,000,000, 90%, came under the $5,000 maximum.

The 1938 figures showed that raising individual coverage to $10,000 would have increased insured deposits to $24,800,000,000, or about 50% of the total, while an increase of coverage to $25,000 would have increased insured deposits to $28,700,000,000, or nearly 60% of total deposits.

The number of banks whose deposits were completely insured would have increased from 456 under a $5,000 limit to 2,078 with a $10,000 limit and to 6,001 with a $25,000 limit.

Figures for Sept. 21, 1938, showed that the $5,000 limit fully protected 984 of every 1,000 depositors in insured banks. An increase to $10,000 would have extended complete protection to 993 of each 1,000 depositors, while a $25,000 limitation would have protected fully 997 of each 1,000.

Compilation of the data received in response to the call for Sept. 24, 1941, will not be completed until late in the year.

Our Reporter On "Governments"

If the purpose of Treasury chief Morgenthau and Reserve Board chairman Eccles was to "prepare" the Government market for a boost in reserve requirements, they have done their job well — exceedingly well. . . . The probability of a near-term increase, meaning a reduction of $1 billion in the current excess reserves total, is the main subject of conversation among bond experts. . . . The possible effects of such a move have been so thoroughly discussed that the "smart lads" are now saying that the news has been discounted and the reaction forecast by most traders a few weeks ago will not occur on the announcement of step, anyway. . . .

Will reserve requirements be raised to the present legal limit or won't they?. . . . Does the Morgenthau-Eccles agreement on anti-inflation monetary policies mean stricter control of money and credit or doesn't it?. . . . Has all the preliminary talk been just "talk" or are Washington authorities making sure a requirement increase won't surprise the nation's institutional investors into "scare selling"? . .

Ask an alert bond trader and he'll admit he's completely in the dark. . . . No one around Wall Street, anyway, is certain of the board's intentions. . . . (And, say informed sources, the board and Treasury haven't gotten together on the timing or the extent of action either). . . .

But—and this, admittedly, is an in-the-dark prediction, it seems ridiculous to prepare a market so thoroughly for a move and then to skip up on it. . . . It simply doesn't sound logical to say that nothing is going to happen after all the pro-and-con conversation. . . .

So this column hereby forecasts that a raise in reserve requirements will be announced shortly—perhaps at the end of this month. . . .

(It's possible that the boost will come within 24 or 48 hours of this report). . . .

And it predicts that after the announcement of an increase, to go into effect, say Nov. 1, or thereabouts, the Treasury will begin studying its next cash financing. . . .

A Cash Borrowing

The prognostication in this space a few weeks ago—that the September financing would be skipped, that a reserve requirement increase would be announced and that after the market had absorbed that news, the Treasury would borrow some new money—appears as sound now as when it first was written. . . . No telling what will be the exact story, of course, for the Treasury insists over and over again that it's on a 24-hour basis as far as policy is concerned. . . .

But anyway, the opposite story hasn't come out as yet. . . .

If the Treasury holds off on raising new cash for many more weeks, it will have to take money from its depositaries. . . . A few days ago, the Treasury's balance with the Reserve Banks was down to about $334,000,000 against more than $1,000,000,000 two months ago. . . . And income tax collections plus tax anticipation and defense bond sales are not going to offset the terrific amounts being spent for any length of time. . . .

The chances are a cash deal plus refunding of the Treasury's December note maturity of $204,000,000 1¼s will appear within six weeks or so. . . . Say, reserve requirements are raised soon. . . . And the market's reaction is taken care of in a week or two. . . . Then the way would be clear for a cash borrowing and Morgenthau could honestly say he was playing fair with the banks and other investors. . . .

How much?. . . . Again, a guess . . . . But say, $750,000,000 to $1,000,000,000, including the refunding. . . . With emphasis on the smaller amount. . . .

Incidentally, don't forget that the RFC and other agencies will be in the market this fall for new money and refunding cash too. . .

The type of issue?. . . . Again, a guess. . . . But the odds are against a real long-term bond, for an intermediate maturity taxable. . . . A note is unnecessary. . . . A long-term bond apparently is not in accordance with Morgenthau's wishes at this time(although, the dealers' only explanation is that the Treasury head wants to starve buyers for long-terms until he's ready to go to town with a 30 or 35-year issue). . . .

At any rate, be prepared for a cash financing before the fall is over. . . . And unless we miss our guess, expect the offering to be highly attractive, for our Treasury Secretary is not taking any chances with a not-so-healthy subscription total in these emergency times. . . .

Municipals

Indicative of the immunity the high-grade bond market is developing—again, we repeat, "for the time being"—toward a reserve board move, is the stability in the top-grade municipal lists. . . . High-grade tax-exempts have been acting well in recent sessions, with some issues reaching new high prices. . . . Naturally, a major factor is the tax-exemption angle, but that angle is present in the Government market too. . . .

Experts in municipals say the news already has been absorbed, but they hesitate to predict what might happen even to the most attractive tax-exempts after the decrease in surplus funds has become a factor in bank investment policies. . . .

"Hesitation", as a matter of fact, is a mild word for it. . . . Of a half-dozen bond authorities queried, all except one admitted his concern for the high-grade market's trend over the long-term—assuming surplus funds go down and Morgenthau continues borrowing large amounts of money from the commercial banks. . . .

Inside The Market

Suggestive of the attitude of banks in New York City toward the reported reserve requirement increase is the fact that in the week ended September 17, these banks bought $26,000,000 Treasury bonds and $7,000,000 Treasury notes. . . .

An indicative of the present attitude of insurance companies is that in the week ended September 6—during the days the increase was being reported all over the country — 42 leading insurance companies bought $12,100,000 Government obligations representing 25.2 per cent of their total investments for the period. . . .

Significant feature about market these days is fact that with mighty few exceptions, all "written" observations on trend are pessimistic. . . . Read the various bond services, market letters, statistical analyses. . . . And you'll be impressed by the unanimity of long-term bearish opinion. . . .

Bond dealers still have fair-sized short positions outstanding. . . . Trading is dull for the most part. . . . No large transactions have been reported for several days. . . . Attitude unquestionably is on that "watchful waiting" side. . . .

Talking about debt increases, the U. S. debt of $50,000,000,000 plus looks pretty good in comparison with "Foreign Commerce Weekly" estimate recently that German debt increased from $20,864,000,000 in March, 1940, to $40,484,000,000 in June, 1941. . . . And this doesn't include all debt by any means. . . .

LEGAL ODDITIES

WHEELS WITHIN WHEELS

A Bank Versus an Insurance Company

The officers of the Regal Bank and the agent of the Inland Surety Company were looking over the bank premises the morning after burglars had blown open the safe and stolen the contents.

"We hold a $20,000 burglary policy in your company, so it's up to you," the cashier suggested.

"But the policy says that the company shall be liable for not more than 10% of the insurance when the safe contains an inner steel chest, and the money is stolen from inside the safe but outside the inner chest," the agent pointed out.

"But all the stuff stolen here was in the inner chest," the cashier argued.

"But there's another steel chest inside the one that the robbers broke open," the agent persisted.

"Yes."

"And they didn't break that inside one open, did they?"

"No."

"So that all the money the robbers got was in the outside steel chest."

"Yes."

"Then all the company's liable for is 10%."

"No—the inner steel chest that the policy mentions means the outer one," the cashier argued.

"No, it means the innermost one of all," the agent maintained.

This exact point was passed on by the Texas Court of Civil Appeals in a case reported in 251 Southwestern Reporter, 303, and the decision was in favor of the bank.

"The evidence, we think, sustains the bank's contention that the apartment in the safe back of the inner or middle steel burglar-proof door and in the safe vault proper, and itself an inner steel burglar-proof chest, is the inner chest referred to in the policy, from which, if the money was taken, the insurer would be liable for the full value of the money taken. That inner chest, as shown by the evidence, fully meets all the terms and conditions of the policy and from which the uncontroverted evidence shows the money was taken. There was another chest much smaller in size inside the inner vault of the safe to which the witnesses referred to and designate as the 'cash box,' which smaller chest or box also meets all of the requirements of the policy, and from which no money was taken. In the absence of anything in the policy itself, or in the evidence identifying the cash box as the inner chest referred to in the policy, we see no good reason for holding that the cash box, rather than the larger steel chest, is the one referred to in the policy," said the Court.

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Sees Sale of Defense Bonds Inflation Check

Broadening sale of Defense Savings Bonds perhaps is the surest available check upon inflation and the strongest possible support of Government credit, declared Henry Bruere, President of The Bowery Savings Bank, N. Y., and liaison officer between the Treasury Department and mutual savings banks of the country, who on Sept. 12, addressed trustees and officers of the Savings Bank Association of Massachusetts, meeting in Swampscott, Mass., to weigh the economic outlook.

"None of us here doubts the need of fullest defense measures and the fullest material aid to Britain," he said. "Therefore, the financing program must continue to succeed. We of the savings banks will do everything in our power to make it succeed." Mr. Bruere went on to say:

> I suggest that for the next months, or years, if need be, we make this our first order of business. By adopting this course we shall do the most needed thing we can do for the nation. We shall do other important things besides. Among them, we shall develop a new host of savers who at the same time are acquainted with the savings banks and their spirit of cordial and disinterested service. We shall have some part in protecting our depositors and the general public from the ravages of price pyramiding due to extravagant purchases with new found money. We shall protect the defense program against the competition of avoidable civilian expenditures. We shall strengthen government credit and build up a new degree of responsibility regarding national spending among a broader public. We shall solidify our time honored right to assist the plain people of America to defend themselves against future want and adversity.
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> The Defense Savings Bond plan has adopted the principle of sound savings banking by making savings available when necessary at a slight loss of interest. Therefore, whether we invest for our depositors or help our depositors to invest for themselves, we shall equally assist them to safeguard themselves against future contingencies.

Turning attention to the new opportunities of mutual savings bank trustees and officials, Mr. Bruere pointed to the need for their advice and participation in public affairs. "In view of the important place held by the savings banks in the national economy," he observed, "the officers of these institutions and the institutions themselves have a duty, in my judgment, to study and to seek to understand the Government fiscal and budget policies and to assist, if we can, in shaping them, where our special experience and responsibilities qualify us to do so."