

FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER

Volume 154 Number 3988

New York, N. Y., Thursday, October 2, 1941

Price 40 Cents a Copy

Sees Bankers, Bank Supervisors Faced by Challenge to Foresight

Declaring that "to-day bankers and bank Supervisors are faced with a new set of circumstances—circumstances which are a challenge to their foresight, their consistency, and their ability," Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation warned that "a great portion of the world now is engaged in costly, destructive, devastating total war," and said:

We must recognize that every part of this land is to some extent affected economically and financially by the existing situation. We must anticipate a period of severe, sweeping readjustment when hostilities are concluded. We must recall that wars have caused the most severe economic collapses and the greatest financial tragedies of history. We cannot forget that economic dislocation and financial strain have been chronic in most parts of the world ever since the war of 1914-1918. We must agree that had the world been able to make better economic and financial adjustments after World War I we might have been spared the horrors and the tragedy of World War II.

Mr. Crowley's remarks were addressed to the National Association of Supervisors of State Banks, in annual Convention at St. Paul, Minn., on Sept. 27, and in his address he said: "Now, certainly is a time when we should review our responsibilities as bank supervisors, look back at what happened to our financial institutions after the last war, estimate the effects of this war's aspects upon the banks and plot our future programs." Continuing, Mr. Crowley stated:

The primary task of bank supervisors has not changed an iota since the beginning of bank supervision. We still are charged principally with protecting bank creditors—depositors—in the main for the last 60 years—from loss of their funds. We may theorize and we may chat till kingdom come, but we can't alter the job we have to do.

It is necessary for efficient administration of government that there be many regulatory agencies, each charged with responsibility in a particular field of activity. In times of emergency the temptation always is great upon administrators to extend their fields of activity and to encroach upon the provinces of their neighbors. I hope that we bank supervisors will not read into our delegated functions a mass of unrelated new responsibilities that will weaken our administration of the prime supervisory function. Taxation and other fiscal problems, labor problems, mone-

tary and credit controls, all will have some impact upon the banks, just as they have on every other type of business. But agencies exist that are charged with regulation of these aspects of the economy. Let those agencies function as they were intended, and let us not interfere with their functioning. Our own time will be fully occupied if we administer properly our jobs as guardians of depositors' welfare.

By the same token, I should not like to see any of the other agencies transgress upon the field of bank supervision.

There are those who claim that bank supervision is simply an implement of credit and monetary control, who maintain, that economic maladjustment can be avoided or limited by controlling bank extensions of credit according to their purpose, and who want control of the power of bank examination to further that doctrine. I believe that bank supervisors should stongly oppose all attempts to divert bank supervision from its obvious and explicit true purpose. And I know that, insofar as Federal supervision goes, the

(Continued on page 404)

FROM WASHINGTON AHEAD OF THE NEWS

Simply as a commentary on men and events, now that Senator Tom Connally of Texas, is leading the fight to repeal the Neutrality Act, is the fact that no other man is more responsible for its being on the statute books in its present form. The Senator has been a member of the Foreign Relations Committee ever since he has been in the Senate and before that he was a member of the House Foreign Affairs Committee. In fact, had he remained in the House he would be the present chairman of that committee instead of Sol Bloom. As a member of the Interparliamentary Union the Senator has been to several meetings of that gathering of world statesmen at Geneva, London and elsewhere, and being of a critical turn of mind he speaks pretty frankly about the European politicians he has met.

When Congress adjourned in August 1939, Connally issued a statement to the press that there would be no war in Europe before the Congress returned. He was one of those who scotched the President's request for repeal of the Neutrality Act at that time. Then when the President called Congress back a few weeks later after Hitler had invaded Poland, and again sought repeal of the Neutrality Act, Connally went among his colleagues and citing the purge campaigns of 1938 and the President's effort to reform the Supreme Court in 1937,

(Continued on Page 402)

GENERAL CONTENTS

Editorials	
	Page
A Roman Peace	401
The Drunken Party	402
Regular Features	
From Washington Ahead of the News	401
Legal Oddities	416
Moody's Bond Prices and Yields	409
On the Foreign Front	407
State of Trade	
Weekly Review	404
Coal and Coke Output	407
Commodity Prices—Domestic Indexes	408, 410
Commodity Prices—World Index	411
Crude Oil Production—Week	404
Electricity Output	406
Iron and Steel Operations—Weekly Review	406
Lumber Production, Shipments, Orders	411
Non-ferrous Metal Market Review	408
Petroleum and its Products	405
Railroad Car Loadings	405
Miscellaneous	
Investment Companies Organized	403
Sees Bankers Faced by Challenge	404
Trading on N. Y. Stock Exchanges	410
Association S. E. Firms Reorganize	412
RFC Buys Russian Minerals	412
President Asks \$5,985,000,000	411
American Wage Earners Work Longer	413
Items About Banks	413

Editorial—

A Roman Peace

In the "Magna Charta of the Atlantic" and in much that had proceeded from the mouths of officialdom in this country long before the historic meeting "somewhere at sea," the notion was plainly evident that somehow Great Britain and the United States of America were in duty bound to enter into a joint partnership for the purpose of ruling the waves if not the world in order to bring peace and justice to all peoples in the future. Nowhere, however, has this idea been more directly and more forthrightly put into words which even the wayfaring man need not misunderstand than in an address on October 1 by the Secretary of the Navy to the American Bar Association. Such a world of peace and goodwill as is envisioned must, the Secretary concedes, be a product of the soul of man, but meanwhile during a period apparently believed likely to last a century while "minds and hearts grow attuned to such a beneficent idea" force must be employed to effect at least the outward manifestations of such a millenium. Plainly, the United States is expected to provide that force in large part.

To such a state has the League of Nations idea fallen during the past twenty-odd years! The Wilson-conceived idea of a world organization to make the world safe for democracy was never very much in accord with the world as it existed. It was a beautiful structure erected in vacuo as it were, and it met the fate all realists expected it to meet. The modern version now brought forth by the Secretary of the Navy will doubtless by many "modern" minds be found more "realistic" in that it accepts the modern—yet infinitely old—notion of force as the ultimate arbiter of fate, but most Americans must find it correspondingly even less

(Continued on Page 402)

IN THIS SECTION

- Investment companies forming permanent national association. Page 403
- RFC to purchase \$100,000,000 worth of Russian minerals—Proceeds for war purchases in U. S.—Treasury grants \$10,000,000 loan against gold shipments. Page 412
- President Roosevelt requests additional \$5,985,000,000 for Lend-Lease program—amount needed to avoid interruption in flow of materials to democracies. Page 411
- President Roosevelt says threat to nation is real, not imaginary—Message to American Legion Convention. Page 415
- Labor Bureau's wholesale price index down 0.1% during week ended Sept. 20. Page 408
- Fertilizer Association commodity price index again declines. Page 410
- Crude oil production for week ended Sept. 27th totaled 4,030,000 bbl. Page 404
- Leo T. Crowley on new circumstances facing bank supervisors—urges government heads to forestall inflation. Page 401

(Continued on Page 416)

The September 30th Issue Delayed—

The September 30th issue of the Financial Chronicle is being held up to give precedence to the October 2nd issue, containing news, editorials and special features. The delay of any issue of the Financial Chronicle is unfortunate, but publication of the news seems more important than absolute promptness in the release of statistical material. Although the basic cause of this delay lies with our labor union difficulties, 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 temporarily been crowded out. We hope that our readers will continue to be patient with us for just a little while longer.

Binders For The Convenience Of Our Subscribers

Arrangements have been made with the "Expandit" Binder to supply temporary binders in which to file current issues of the Financial Chronicle in its new form. These will facilitate the use of the Chronicle and will protect copies against mutilation and loss. The cost is \$2.50 plus postage for each of these binders which have been designed to hold one month's issues of the Financial Chronicle. Orders for binders should be sent to "Expandit" Binder, 25 Spruce Street, New York City. Delivery will be made in about three weeks.

From Washington

(Continued from Page 401)

argued that he had too much power, that he was a power grabber, and that it was essential that his hands be tied in a knot on any version of a new Neutrality Act.

Mr. Roosevelt writing in Collier's Magazine, makes it appear that the sort of Neutrality Act modification which he got was just what he wanted. This is not the fact. The President's own leaders were afraid of him and Connally was the ring leader among them. They gave him the so-called "Cash and Carry" bill instead. This bill prohibited American merchant ships from sailing into war zones and provided that any goods bought in this country by belligerents had to be paid for in cash on the line.

History will probably view with amazement that within a few days after the passage of this bill it became known that the Maritime Commission planned to transfer American merchant ships to Panamanian registry. This was such a flagrant violation of the spirit of the Act that Cordell Hull vigorously protested, and Mr. Roosevelt after weighing the matter for several days, finally ruled with Hull. But once the spotlight of publicity was removed, the ships were gradually transferred to Panamanian registry.

Connally was avowedly motivated in championing the "Cash and Carry" plan by the benefits it would presumably give the Texas cotton growers. But, charged with putting their money on the line, the British showed an utter lack of concern in American cotton or agricultural products. They continued to get these within the empire and from Brazil.

So, the Texas Senator has moved into what the Fight for Freedom Committee looks upon as an all-out-aid for Britain man. Under lend-lease, Britain is now taking more cotton and more agricultural products, although Secretary of Agriculture Wickard says frankly he's had an awful time shoving this stuff down the throats of the British.

Connally will now use his caustic tongue against those who oppose the repeal of the Neutrality Act, or substantial modification. The fact remains that it is in its present form because of him more than any other man. He is quite tenacious when he is working at anything, and his tenacity will be most helpful now in repealing or virtually repealing the Act. And manifestly, it is an incongruous thing, in view of the course this Government has followed. The Government's foreign policy, under this Act, has been pursued wholly through subterfuge, but it has proceeded steadily under that subterfuge.

The only important objection which the Isolationists can logically register against repeal—which all the shouting will be about—is that ships under Panamanian flags now entering war zones will proceed under American flags. Therefore, if and when anything happens to them, the country can get properly indignant. No additional ships will go to the war zones as a result. Repeal will also carry approval of the President's course.

It is an oblique way to get approval because the fact is that Congress will not, of today, declare a state of war. Congress' attitude heretofore, and the attitude of the leaders, has been that Mr. Roosevelt could go ahead with anything with which he could get by with. The leaders were aghast when he told them he had landed marines in Iceland and they told him then that if he could get by with this move it was o.k., but not to put any of these matters up to Congress. It didn't want the responsibility.

(Continued on Page 403)

Editorial—

The Drunken Party

It was necessary to await one of the none too frequent public utterances of William S. Knudsen for a suitable characterization of the current center of the official interest of America. The talented industrial executive who before accepting his present governmental task was for more than three decades the efficient head of General Motors Corporation, said: "war is like a drunken party, you never know what will happen next." The simile, in its application to contemporaneous events in Washington is so exceedingly appropriate that it is likely to linger long within the memories and upon the lips of those who despite everything continue to observe events with unclouded vision. Ordinarily, there are very few of the soberly minded who would care to invite themselves to become participants in any drunken party, much less one of such potentialities as that which has confronted the saddened eyes of really neutral observers since the late summer of 1939.

Yet if the United States is participating in the raging orgy there can be no doubt that it is there as a self-invited or volunteering guest. Not, of course, that the potent presence of this country, with its surpassing natural resources, its unequalled capacity to reduce these to practical use, and its millions of stalwart sons available as soldiers, would be undesired or unwelcome to those it might assist. But after its overwhelming popular rejection of the League of Nations and the World Court, after its strong and continuing expressions of return to the doctrine of non-interference in European controversies established by Washington and of regret at its departure from that doctrine in 1917-1918, even the most synical statesmen in Europe could scarcely have believed sufficiently in the potency of propaganda and political emotion to make direct overtures for an alliance that would only have had to be sought in order to be almost unanimously rejected. Unmistakably, England and France entered upon their 1939 undertaking, utterly astonishing in retrospect when its insurmountable difficulties of physical geography and equipment are fully perceptible, to relieve Poland from German and Russian aggression and to prevent eastward aggrandizement of Germany, without any warrantable anticipation of military or naval assistance from this side of the Atlantic Ocean. American participation is, therefore, by all possible tests, voluntary and self-invited. And there is such participation at this moment, all visible signs pointing to still greater participation in the very near future.

Certainly, no one could be more accurately advised as to the fact than the President's Under Secretary of War, the Honorable Robert P. Patterson, and just a month ago, addressing the annual encampment of the Veterans of Foreign Wars, in a speech that was broadcast from Philadelphia, he said: "We are not yet in the midst of a shooting war, but we are none the less at war." The reader will note the qualifying "not yet." And, in the speech quoted at the beginning, Mr. Knudsen took such involvement as so far conceded that it might be made the foundation for his plea for universal acceptance of greater sacrifices, longer hours of labor and lower standards of living. He said: "... we must be prepared to accept sacrifices in our daily life. We cannot have as good a time and be involved in a war, ... There will be more and more of us working six days instead of five. ... It is up to us ... all of us ... to see this job through, regardless of the sacrifices we have to make in our comfortable standards of living." Secretary of the Navy Knox, to the same effect, appealing in an address at East Hartford to the United Aircraft Workers for increased efficiency, told them, on Monday of last week, that "American sailormen are today at sea fighting dictatorships."

The "drunken party" is not, it is therefore plain, being allowed to proceed without our presence. Some of its incidents quite fully support the appellation. In the name of "aid to the democracies" the taxpayers of the United States are contributing to the Russian dictatorship of Joseph Stalin which is at war with brave and faithful little Finland to which our own wordy promises of friendliness were extended only two years ago, when that nation was raided by Russia, then acting in pursuance of an effective alliance between Stalin and Adolf Hitler. They had already co-operatively invaded and seized Poland, attack upon which by this partnership of dictators was the ostensible occasion for the declarations of war on the part of England and France. Finland, at this same time is warned by Great Britain, which but recently declined even diplomatic relations with Russia, that persistence by the former in its struggle to regain the areas that the latter forcibly appropriated will lead to its being considered as a "belligerent enemy" not only during the war but when the time comes to draw up peace

A Roman Peace

(Continued from Page 401)

to their taste. We should suppose that hardly a thoughtful citizen of the United States could be found in the length and breadth of the land who would, if the matter were fully understood, find much enthusiasm in his heart for the position of benevolent ruler of the destinies of the world. It is such a position that the Secretary seems to wish us to accept. It is an idea which could have found abiding lodgment in the mind only of an American idealist who understands little of the world and of history, and one which, we are certain, could ever command a following of much importance elsewhere.

This 1941 Roman Peace—for that is what it really is—could if given effect in practice scarcely expect a fate other than that of its prototype. It may be "noble in conception," but that is about all that can be said for it. It simply does not fit the world in which it would be obliged to operate. Every school boy knows and well remembers that on more than one occasion the United States and Great Britain have found themselves in disagreement about many things. At least twice there were very serious disagreements. At other times, they were of varying degree of importance. They have not infrequently concerned precisely those questions of world affairs which the Secretary seems to suppose could be so wisely and effectively managed by these two nations that war on a large scale would be forever banished from the earth. We may or may not entertain territorial or trade ambitions which would make it impossible for us to conduct the affairs of the world in a wholly detached manner. We doubt whether we are in so fortunate a position, or, at least, that we always shall be. It is quite certain that the British Empire is not, and never has been.

The underlying world currents which produce war on a major scale are not likely to be stilled or even stemmed by any such application of force even if it were—as it could never hope to be—administered with the utmost "justice" and foresight. They stem from conditions far too profound to be amenable to such treatment. Birth rates, the existing distribution of the earth's resources, and a dozen other factors of similar stubbornness are in the final analysis the cause of such conflagrations of war as we are now experiencing. They are utterly beyond the control of either the British Empire or of the United States or of both of them combined. All the rules of law which we might formulate with the best of intentions and enforce with the most scrupulous care would leave them largely untouched. Meanwhile we should be underwriting at enormous expense and greater risk a scheme which is foredoomed to failure. The best thing that the American people can do with such an idea is to forget it—to place it on the shelf to gather dust, place it there with a sigh if we must, but place it there at once and permanently.

terms for Europe." China, that amorphous giant, largely converted to communism since it emerged from the exotic rule of its alien Manchu dynasty and so far as its untaught millions comprehend the nature of any governmental system, is also receiving huge sums of pecuniary aid from the United States, under the same pretense. Yet all the while, China's persistent enemy, Japan, had to be regularly "appeased" by abundant supplies of American oil which were day after day used to further that country's campaign of invasion within Chinese territory. Moreover, in the eyes of Washington officialdom, all the governments of South and Central America seem also suddenly to have become leavened with the sanctifying leaven of pure democracy. Funds wrung from taxpayers, one-third of whom President Roosevelt declared, during the month just ended, continue to be "ill-clad, ill-housed, and ill-nourished" must be expended by the tens of millions to influence these strange democracies towards friendliness in international affairs and to demonstrate to them the superiority of the friendship of the United States over that of Germany for which temptation to exchange it might conceivably develop. Beneath all this maze of policy, and supporting it all, lies, of course, the avowed purpose to afford effective help to England, whose Prime Minister asserted before the commencement of the war that were he an Italian he would be a Fascist and a supporter of Mussolini's dictatorship and of which Sir Anthony Eden much later said: "We have not got democratic government in this country to-day, we never have had it, and I venture to suggest ... that we shall never have it."

This fantastic and fatal participation in the "drunken party" may last, declares Senator Claude Pepper, of Florida, who is one of the few who venture upon its bald advocacy, may last five, ten, or even twenty years, and when it attains the intensity that he advises and desires may cost at the rate of \$100,000,000,000 a year. As to the probable duration of the conflict, this domestic prophet appears completely to

agree with the Italian editor, Virginio Gayda. In order fully to engage in it Americans are being asked to impair the highest general standards of living and comfort which any nation in the world ever attained; to submit to unmeasured and cruel impositions in the exaction of taxes; to imperil, beyond restoration within many decades, the integrity and strength of the Federal financial system; to surrender, for an indefinite period not unlikely to extend even unto the second and third generations, some of their most fundamental and cherished liberties; and to deliver the strongest and ablest among their sons to the servitude of conscription and to the imminent dangers of disease, death, and mutilation in battles to be fought in foreign lands.

Entering upon this improvident adventure with a Federal debt approximating \$50,000,000,000, we already have commitments for the still incomplete program of armament which run to a startling aggregate exceeding \$66,000,000,000. This aggregate is actually incomprehensible but it may help to note that, if not wasted upon war materials it would have sufficed to provide 9,000,000 American families, if there are so many in Mr. Roosevelt's "ill-housed" one-third with a residence costing nearly \$7,500. Instead, 900,000 stalwart workers, or potential workers, have been forcibly taken from their normal vocations and avocations, regimented and equipped to destroy the lives and bodies and the property of other human beings and the enormous funds wrung from the taxpaying public and raised upon pledges of their credit are being utilized to divert the maximum possible portion of the country's labor and resources from the beneficial production of commodities contributing to human comfort and subsistence, and of the capital and tools that facilitate such production, to the threatening and wasteful production of mechanisms for destruction. Instead of feeding, clothing, housing, and educating men and women and their progeny, means and instrumentalities are being created by the use of all existing capacity and means, for the killing and maiming of men, sure to be employed also in killing and maiming their innocent wives and their helpless children, and for the destruction of the property that might render human lives more tolerable and even happy.

And now comes Secretary Morgenthau and demands confiscation of all profits above six per cent, evidently assuming that men will strive just as effectively after being deprived of nearly everything for which they labor.

Evil as all this is, inconceivably foolish as it seems when baldly stated, it is being made unnecessarily more evil by weak and incompetent mismanagement. "Our great need," declares Mr. Knudsen, "is for management that can plan . . . management brains, and planning are what we need to do this job." That, however, is precisely what "the job" is not allowed to receive, unless it is conceivable that the best brains for such planning and management are to be found beneath the hats of the small group of politicians that cluster around the titular head of the New Deal, himself a speculative experimenter, even long after he entered politics, in many lines of business, in none of which did he shine as an executive or achieve any genuine measure of success. All the decisive authority has been kept in the President's own hands, or perhaps of late meagerly delegated to favorites mostly without training in any large way as executives, and the White House has most of the time been the bottle-neck of the entire effort, causing intolerable and irretrievable delays.

Beyond this, in such vital matters as price-control to guard against dangerous inflation, priorities or rationing of raw materials, and dealings with covetous and contending labor organizations, there has been the weakness and vacillation of timidity strangely alternating with blind and extreme assertions of an arbitrary authority not having the sanction of any law. Attempts to influence prices have become reluctant and irresolute before agricultural producers and have wholly ceased when confronted by the problems of the wages of unionized employees, however selfish and grasping. Interruptions of defense production brought about by the indefensible rivalries of competing unions and their leaders have been allowed seriously to impede progress and have been settled, if settled at all, in ways invariably tending to increase the high costs already falling upon the taxpayers; priorities applicable to supplies of materials have been accorded so as fruitlessly to cripple and destroy non-defense production and to throw out of work, and threaten with dependence upon public relief and charity, thousands of capable and willing workers for whom the war-industries have found no place.

All this derangement of the normal economy and progress of American life is based upon delusions of the strength of Germany under the leadership of an ignorant and emotional Austrian, whose industrial training is that of a house-painter who lacked ability to become either an artist or an architect, and whose actual military experience was summated when he attained the rank of corporal. Germany is a remote European country without great natural re-

sources, and after the incorporation of Austria and the Sudetenland it had an area of 224,950 square miles, that is to say, not very much more than four-fifths of the area of the State of Texas. At the same time, the population of the whole of this so-called Greater Germany was less than 80,000,000 and in the whole of Europe there are not today more than that number of Germans. The number who do not despise and hate the rule to which most of them are now subjected is much less than 80,000,000 but, if the Reichsfuehrer could rely upon every one of them, all his followers would number no more than two-thirds the population of the United States. The national income of this Germany, at its highest point, cannot be more than half that of the United States and at present fully one-half of it goes out for war purposes. So, in order to induce them to take part in the "drunken party," the people of the United States are asked to fear and to believe that after subduing and enslaving all Europe, after reducing its present disorder to order and to conformity with a new and intensely arbitrary order of Germanic origin and for the especial benefit of the rulers of Germany, the armed forces of these 80,000,000 Germans will not only consolidate their rule over the whole of Europe, but will incontinently adventure across the three thousand miles of the Atlantic Ocean, destroying or capturing our Navy, which has more than seven times the strength of theirs; debarking upon our shores, conquering our 135,000,000 of people, destroying our American way of life, and making of all Americans the abject slaves and submissive creatures of a Germanic tyranny covering the entire habitable globe.

Madness and the hysteria of baseless terror could conceive nothing more preposterous. Can it be that the President of the United States accepts and believes this almost unbelievable folly? If he does, the alteration in his outlook and faith has become inconceivably alarming. It was only shortly before the war in Europe began, in 1939, a war which he anticipated and envisioned, that he pronounced the following and declared it to be the sole and sound policy in the face of such a war as we now see in progress. His words then were:

"Peace is threatened by those who seek selfish power. The world has witnessed similar eras, as when . . . great emperors and great kings were engaged in a mad scramble for colonial empire. We hope we are not again at the threshold of such an era. But if face it we must, then the United States and the rest of the Americas can play but one role: Through a well ordered neutrality to do naught to encourage the contest, through adequate defense to save ourselves from embroilment and attack, and through example and all legitimate encouragement to persuade other nations to return to the ways of peace and good will."

The "appeal from Philip drunk to Philip sober" is always expedient and orderly. Congress has power to withdraw America from the "drunken party" and to compel executive retreat to the safe ground and the sanity of vision embodied in the quoted declaration that was so bravely uttered before emotions were aroused by events and propaganda. There ought to be enough common-sense and statesmanship in that body to enforce that course before accumulating waste, debt, and disaster destroy what is left of American liberty and security.

Investment Companies Forming Permanent National Association Broadening Activities

Plans for the formation of a permanent organization of investment companies to continue and broaden the activities which have been carried on during the last year by the National Committee of Investment Companies, were announced on Sept. 18 in a special memorandum sent to the committee members. The new organization is to be known as the National Association of Investment Companies and is to be under the executive dictatorship of Paul Bartholet, who will resign as Vice-President and Treasurer of the five investment companies in the Tri-Continental group to devote his full time to the work.

The plan is sponsored by the executive committee of the National Committee of Investment Companies who declare that the success of the one year "experiment," making the first cooperative venture of the business, has been such as to warrant the continuation of the joint effort. The National Committee was established a year ago on an informal basis and will expire at the end of this month.

The executive committee of the new Association is to be composed of the eight members of

the National Committee's executive committee and four additional investment company directors with Mr. Bartholet serving in ex officio capacity. The new members who have been designated and who have agreed to serve are Frank Altschul, President, General American Investors Co., Inc.; F. Wilder Bellamy, President, National Bond and Share Corp.; Charles F. Eaton, Jr., Trustee, Eaton & Howard Balanced Fund and David M. Milton, President, The Equity Corp. The members of the present executive committee who have formulated the plan and all of whom have agreed to serve on the new board are Hugh Bullock, Vice President, Dividend Shares, Inc.; Arthur H. Bunker, Executive Vice President, The Lehman Corp.; Paul

From Washington

(Continued from Page 402)

Now, however, in repealing the Neutrality Act it is confronted with the responsibility of approving what has been done, but the matter is not being put up to it in that light. Congress is simply being confronted with the incongruousness of the situation.

And in the effort to repeal the Act, Washington is experiencing one of its most tremendous barages of propaganda in a long time. First, there is the propaganda that the main thing is to arm our merchant ships. Mr. Roosevelt has repeatedly said at press conferences that arming merchant ships against submarines was ineffective. He has cited the experiences of the First World War. A merchant ship manifestly can't get its guns down to a submarine firing torpedoes underwater. Arming merchant ships, in fact, compels the submarines to fire torpedoes rather than come to the surface and make a merchant ship captive.

But now, that congressmen are posed with the question of whether we should defend our merchant vessels, they can have only one answer.

Secondly, there has been a wave of propaganda that the country's attitude has changed; that the old American spirit of fight has been revived. This writer has no way of knowing whether this is true or not, except if it is true, the change must have come overnight, and a lot of the "change" manifestly has been engineered such as Willkie's "victory" in the last two weeks of the 1940 campaign.

Third, the agitation around Washington, which was mentioned last week, but which has grown, about not building up the army any more, is believed to be part of this propaganda. The suggestion is heard in this propaganda, that the fact the Administration is thinking this way shows that Mr. Roosevelt hasn't the slightest intention of sending an AEF to Europe. So, why not let him have repeal of the Neutrality Act?

Incidentally, in connection with the sweep of unity which the propaganda says is suddenly engulfing the country, is the fact that responsible Congressmen and Senators look upon Morgenthau's proposal for a six percent limitation of profits on invested income as nothing more than a New Deal attack upon business. What better should encourage organized labor and the people to whom the New Deal has appealed, than to put out the suggestion that Business is profiteering?

C. Cabot, Vice President, State Street Investment Corp.; William Tudor Gardiner, Chairman, Incorporated Investors; Merrill Griswold, Chairman, Massachusetts Investment Trust; James H. Orr, President, Railway & Light Securities Co.; Cyril J. C. Quinn, Vice President, Tri-Continental Corp. and Richard Wagner, President, The Chicago Corp.

"Substantially all active management investment companies have lent the support of their membership to the Committee," the special memorandum states. "The primary task has been to present and make effective the industry viewpoint as affecting the administrative rules, regulations, and interpretations issued under the Act. We believe, and we think the membership in general shares our belief, that this task has been well done, and done more effectively and much more economically than would have been possible through efforts on the part of individual companies."

Membership of the existing National Committee comprises at the present 111 organizations with assets estimated at well over \$1,000,000,000.

Sees Bankers Faced By Real Challenge

(Continued from Page 401)

Congress always has supported our stand. That body has indicated strongly on every occasion when the issue was raised that it intended supervision for the protection of bank depositors and that it would not countenance any strained application of supervisory powers to extraneous functions or to the fulfillment of tasks delegated elsewhere.

It is essential by the very size of our nation, by the complexity of our economy, and by the nature of our democratic form of government that there be many governmental bodies, each charged with a specific set of responsibilities. This form of administration can be made to work with a high degree of efficiency through co-operation and coordination among the various agencies with related functions. It cannot function effectively and perhaps cannot even survive if administrators try constantly to broaden their fields and to strengthen their powers at the expense of other agencies.

Mr. Crowley pointed out that "of primary concern in our plans for the future is the growing number of banks with small capital cushions." He noted that "the capital ratios of banks average lower now than at any time in our history," and said:

Examinations made during 1940 showed that more than one-fifth of the banks had a net sound capital of less than 10% of the appraised value of their assets. These banks held almost two-thirds of the deposits of all insured banks.

It is true that a considerable part of the increase in bank assets has been in the form of cash and balances due from banks, the so-called "riskless" assets. Any subsequent increase in business loans and securities, however, will leave many of the banks in a vulnerable position. As business demands increase, supervisory authorities cannot take action against a large proportion of the banks to enforce capital standards without appearing to retard business activity. Steps should be taken to improve the capital position of these marginal banks before increased business requirements further narrow their capital cushions.

Stressing the need of now of an anti-inflation program, Mr. Crowley said:

It is earnestly to be hoped that the Treasury, the Federal Reserve, and other responsible agencies can forestall this time the ruinous inflation that characterized previous periods of war. The first to suffer and those hit hardest by inflation are the savers of the country, the millions of our citizens whose thrift has accumulated nest eggs upon which they rely, and who suffer severely when the purchasing power of those nest eggs is reduced through the processes of inflation and through runaway prices. The depression and deflation which follow every such period likewise are ruinous, as all of us have seen. We already are experiencing a very rapid increase of prices, and many of us look with concern upon the continued rapid growth of bank deposits and bank assets. A continuation of these increases could have many evil effects.

I already have cited the degree to which bank capital ratios have been reduced through growth in the volume of bank assets. This trend cannot, with safety, be permitted to go much further. Note, too, that continued deposit growth reduces the ratio of funds available in Federal Deposit Insurance Corporation to the deposits the Corporation must protect. It would not do

Daily Average Crude Oil Production for Week Ended Sept. 27, 1941, Off 14,200 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for week ended Sept. 27, 1941 was 4,060,000 barrels. This was a decline of 14,200 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. 27, 1941 is estimated at 3,995,700 barrels. The daily average output for the week ended Sept. 28, 1940, totaled 3,799,950 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, 3,980,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 81,003,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,213,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)						
State	B. of M. Calculated Requirements (September)	Actual Production	Change from Previous Week	4 Weeks Ended Sept. 27, 1941	Week Ended Sept. 28, 1940	Week Ended Sept. 27, 1941
Oklahoma	489,800	428,000	b 424,750	- 3,900	427,250	405,000
Kansas	239,800	248,800	b 258,650	+ 150	247,700	193,550
Nebraska	5,000		b 6,650	+ 100	7,000	400
Panhandle Texas			80,250	+ 5,950	84,250	79,300
North Texas			103,850	+ 1,850	102,050	134,400
West Central Texas			30,850	+ 50	30,800	32,750
West Texas			278,900	+ 150	266,200	254,100
East Central Texas			85,000	+ 250	83,900	78,100
East Texas			369,700	+ 100	351,900	448,050
Southwest Texas			218,000	+ 750	203,350	243,750
Coastal Texas			232,300	+ 200	281,700	246,850
Total Texas	1,378,600	c1,406,362	1,458,850	+ 3,400	1,410,150	1,517,300
North Louisiana			80,200	+ 1,000	80,050	64,400
Coastal Louisiana			255,100	+ 1,350	254,900	219,050
Total Louisiana	324,000	328,646	335,300	+ 350	334,950	283,450
Arkansas			79,000	+ 75,600	75,600	74,450
Mississippi			33,000	b 54,700	+ 500	54,250
Illinois			392,500	+ 415,750	+ 3,100	407,100
Indiana			21,400	b 18,800	- 1,600	20,000
Eastern (not incl. Ill. & Ind.)			99,800	+ 93,700	+ 150	92,500
Michigan			39,500	+ 53,000	+ 1,000	50,300
Wyoming			85,000	+ 88,500	+ 100	84,350
Montana			20,200	+ 20,500	-	20,550
Colorado			4,500	+ 4,850	+ 100	4,950
New Mexico			113,200	+ 114,500	+ 350	114,050
Total East of Calif.	3,325,300		3,424,200	+ 4,900	3,352,000	3,211,350
California	634,700	d610,000	635,800	+ 9,300	643,700	588,600
Total United States	3,960,000		4,060,000	+ 14,200	3,995,700	3,799,950

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 to be produced.

b Okla. Kans. Neb. Miss. Ind. figures are for week ended 7 a.m. Sept. 24th. 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 STILL; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED SEPT. 27, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)										
District	Daily Refining Capacity	P. C. Rate	Crude Runs to Stills	P. C. Incl. Aver.	Gasoline Produced at Refineries	Stocks of Finished Gasoline	Stocks of Unfinished Gasoline	Stocks of Gas	Stocks of Fuel Oil	Stocks of Gasoline
East Coast	673	100.0	616	91.5	1,616	18,872	g 18,364	10,155	e Coast	
Appalachian	166	83.8	135	97.1	466	3,261	637	523	599	
Ind. Ill. Ky.	752	84.4	654	103.0	2,473	14,452	5,736	4,504	Interior	
Okla. Kans. Mo.	413	80.7	315	94.6	1,224	6,847	2,187	2,015	1,272	
Inland Texas	263	63.2	147	88.6	665	2,200	504	1,339	G. C. St	
Texas Gulf	1,097	91.0	922	92.3	2,913	12,080	6,327	8,376	3,091	
Louisiana Gulf	156	94.2	174	117.6	421	2,804	1,611	2,125		
No. La. & Arkan.	95	49.9	58	123.4	160	417	388	417	Calif.	
Rocky Mountain	136	50.1	65	95.6	237	1,005	131	397	2,049	
California	787	90.9	541	75.7	1,718	13,665	12,935	63,975		
Reported		86.4	3,627	92.5	11,893	75,603	48,820	93,826	7,011	
Estimated										
Unreported			353		1,320	5,400	1,130	1,425	385	
a Est. tot. U. S. Sept. 27, 1941	4,538		3,980		13,213	f81,003	49,950	95,251	7,396	
a Est. tot. U. S. Sept. 20, 1941	4,538		3,995		14,031	80,199	48,907	95,005	7,539	
U. S. B. of M. a Sept. 27, 1940			d3,592		e11,921	82,146	48,323	107,470	5,986	

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, 73,394,000 bbl.; unfinished, 7,609,000 bbl. g Revised for week ended Sept. 20th to 17,960,000 bbl. because of transfer of material previously classified as unreported. Total estimated unreported revised accordingly.

at all to permit depositors to lose confidence in the banks and in deposit insurance. The strength and reliability of the Corporation must never be subject to doubt.

Growing evidences that inflation already is underway in this country are receiving the urgent attention of our fiscal and monetary authorities. In outline, the

anti-inflationary steps under consideration fall into this pattern: First, increasing taxation to approach a "pay-as-you-go" financing of the defense program; second, financing that portion of the cost of the defense program not covered by tax revenue through private investors rather than through the commercial banks; and third, in-

The State Of Trade

Business activity continued to more than hold its own the past week despite numerous handicaps, especially in the way of labor troubles. Steel ingot production in the United States is scheduled this week at 96.9 per cent of rated capacity, up 1/10th of 1 point from the previous week, according to American Iron & Steel Institute. Production of electricity

in the week ended September 27th, advanced less than seasonally to total 3,233,278,000 kilowatt hours, an increase of three-tenths of 1 per cent over the preceding week and a gain of 14.8 per cent over the comparable week in 1940, according to the Edison Electric Institute.

Retail trade received a tremendous impetus the past few days, due to a great wave of buying that was nationwide. This of course, was largely the result of the new tax that goes into effect today. Liquor sales rose as much as 100 per cent above normal yesterday and other luxury items mounted sharply as buyers the nation over crowded stores to stock up on cosmetics, furs and similar goods before today's defense tax deadline. It was estimated that purchases made in the metropolitan New York area Monday and yesterday to beat the deadline totaled between \$10,000,000 and \$15,000,000.

A last minute buying spurt by consumers of wines and spirits caused sales in this area to reach levels which some dealers described as exceeding anything of the kind witnessed since the repeal of the Eighteenth Amendment on Dec. 5, 1933.

A rather glowing report came from the railroads. A tenfold increase in the net income of Class I railroads for the first eight months of this year over the same period in 1940 was indicated today in an estimate by the Association of American Railroads. It was stated that the net income of Class I railroads, after interest and rentals, up to Aug. 31st, was \$298,524,000 against \$29,350,000 in the corresponding period last year.

The Association placed the net operating income of the Class I carriers, before interest and rentals, at \$651,089,274 through Aug. 31st, or a rate of return of 4.12 per cent on property investment, compared with \$369,778,456, or 2.36 in 1940 and \$545,262,898 or 3.4 per cent in 1930.

Considerable difference of opinion now exists within the Government and private industry concerning the extent of the forthcoming dislocations in civilian industries.

Government officials have warned of extensive unemployment, and the National Association of Manufacturers recently estimated that some 3,000,000 wage earners would lose their jobs unless corrective measures were hastened. Now, however, responsible Federal officials and observers in industry believe that the dislocations may not be so severe after all.

These observers are impressed by the gathering momentum of defense production and the increasing pressure on industry to put idle capacity to work. As a result, it is now estimated that the next twelve months should witness a net addition of some 1,000,000 wage earners in manufacturing industry employment. However, all this could be

creasing reserve requirements, tightening credit restrictions and otherwise deterring the growth of private debt.

For the sake of salaried workers, for the sake of the millions of savers, and for the sake of our banking system, I hope that a comprehensive and workable plan of combatting inflation will promptly be developed and will be forcefully put into effect. We pledge our full support to such

changed by increasing labor trouble.

Labor disturbance is again looming large as a depressing factor. Several automobile and parts manufacturing plants face intolerable labor conditions because of the lack of discipline in United Automobile Workers-CIO locals. The Briggs Manufacturing Co. of Detroit reports fully fourteen "wildcat" strikes have occurred within the past sixty days that have deprived other employees of more than 170,000 man-hours of work, and have slowed down work in other plants which use parts made by Briggs. These strikes have occurred despite the fact that the company has a contract under which the union has obtained its demands. In fact, certain of these outlaw strikes occurred just because the management was following the letter of the contract in shifting men from department to department as new conditions have made revision of production schedules necessary.

Present labor conditions are making a growing number of executives in industry wonder whether they will be able to continue to operate profitably unless drastic measures are taken to better their industrial relations by whatever method proves feasible. Older union officials decry these outlaw strikes and slow downs, and in the Briggs case have taken steps to halt them. Their efforts have not succeeded, however.

Defense production will reach its peak during the third quarter of next year, competent official observers predict. By that time, the great drive to convert civilian industries to armament production will be largely accomplished, observers believe. Furthermore, it is believed fairly certain that the 2,000-odd Government-financed plants now under construction will have been completed and equipped.

It is generally estimated that the Federal Reserve Board index of industrial production which has now passed the 160 mark, will rise another 10 per cent or so within the next twelve months.

Real Estate Men To Meet in Detroit

The National Association of Real Estate Boards will hold its annual convention in Detroit, Nov. 4-7 inclusive. A record-breaking attendance at the meeting is expected and because of this two hotels have been designated as headquarters, the Book-Cadillac and the Statler. The Association will have on its agenda, both in discussion of business methods and in recommendation for action, these among other matters of public importance:

The keeping of a balanced rent situation; the maintenance of needed home building under coming priorities; the search for substitute materials for home building to replace those going onto the critical list; remodeling of existing residential as well as existing industrial structures to utilize them for defense needs, so avoiding ghost towns to come; maintenance of sound appraisal of real estate values in a changing world; the repercussions of war preparedness and its aftermath on incomes, on ownership, on the tax structure, on national industrial distribution, on the growth of cities; accelerated need for city replanning and rebuilding.

Revenue Freight Car Loadings During Week Ended Sept. 20 Totaled 907,969 Cars

Loading of revenue freight for the week ended Sept. 20, totaled 907,969 cars, the Association of American Railroads announced on Sept. 25. The increase above the corresponding week in 1940 was 94,640 cars or 11.6%, and above the same week in 1939 was 98,217 cars or 12.1%.

Loading of revenue freight for the week of Sept. 20 decreased 5,983 cars or seven-tenths of one per cent below the preceding week. Miscellaneous freight loading totaled 400,474 cars, an increase of 9,608 cars above the preceding week, and an increase of 68,885 above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 160,224 cars an increase of 1,437 cars above the preceding week, and an increase of 3,023 cars above the corresponding week in 1940.

Coal loading amounted to 158,989 cars, a decrease of 12,741 cars below the preceding week, but an increase of 14,506 cars above the corresponding week in 1940.

Grain and grain products loading totaled 44,839 cars, a decrease of 206 cars below the preceding week, but an increase of 3,896 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Sept. 20, totaled 31,170 cars, an increase of 903 cars above the preceding week, and an increase of 3,734 cars above the corresponding week in 1940.

Live stock loading amounted to 15,482 cars, an increase of 1,029 cars above the preceding week, but a decrease of 3,110 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Sept. 20 totaled 12,305 cars, an increase of 1,138 cars above the preceding week, but a decrease of 2,507 cars below the corresponding week in 1940.

Forest products loading totaled 45,364 cars, a decrease of 291 cars below the preceding week, but an increase of 4,342 cars above the corresponding week in 1940.

Ore loading amounted to 69,721 cars, a decrease of 4,727 cars below the preceding week but an increase of 1,324 cars above the corresponding week in 1940.

Coke loading amounted to 12,876 cars, a decrease of 92 cars below the preceding week, but an increase of 1,774 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding week in 1940 and all except the Pocahontas for 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
Week of September 20.....	907,969	813,329	809,752
Total	30,343,974	25,767,606	23,456,248

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 20, 1941. During this period 104 roads showed increases when compared with the same week last year.

Railroads	REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED SEPT. 20			Total		
	1941	1940	1939	1941	1940	1939
Eastern District—						
Ann Arbor.....	632	542	623	1,564	1,371	1,371
Bangor & Aroostook.....	892	718	1,033	307	215	215
Boston & Maine.....	9,119	7,714	8,328	13,356	10,635	10,635
Chicago, Indianapolis & Louisville.....	1,754	1,531	1,842	2,600	2,481	2,481
Central Indiana.....	26	12	18	71	52	52
Central Vermont.....	1,491	1,345	1,332	2,920	2,219	2,219
Delaware & Hudson.....	7,386	5,812	6,255	11,284	8,062	8,062
Delaware, Lackawanna & Western.....	10,330	9,478	11,588	9,637	7,734	7,734
Detroit & Mackinac.....	295	387	456	144	147	147
Detroit, Toledo & Ironton.....	2,453	2,066	2,202	1,284	1,238	1,238
Detroit & Toledo Shore Line.....	365	304	263	4,005	3,307	3,307
Erie.....	16,128	14,256	14,449	16,007	14,417	14,417
Grand Trunk Western.....	5,896	5,102	4,774	9,078	7,946	7,946
Lehigh & Hudson River.....	165	234	161	2,152	1,631	1,631
Lehigh & New England.....	1,465	2,210	2,330	2,005	1,631	1,631
Lehigh Valley.....	9,019	9,543	10,487	10,257	7,118	7,118
Maine Central.....	3,267	2,627	2,929	2,667	2,34	2,34
Monongahela.....	6,374	5,292	5,105	346	234	234
Montour.....	2,209	2,304	2,219	47	62	62
New York Central Lines.....	52,072	47,475	46,579	51,909	45,003	45,003
N. Y., N. H. & Hartford.....	13,117	10,636	10,984	16,312	13,438	13,438
New York, Ontario & Western.....	1,259	1,365	1,199	2,274	1,908	1,908
N. Y., Chicago & St. Louis.....	7,274	6,194	6,940	14,345	11,100	11,100
N. Y., Susquehanna & Western.....	537	391	495	1,609	1,425	1,425
Pittsburgh & Lake Erie.....	8,614	8,084	6,811	8,950	8,071	8,071
Pere Marquette.....	6,529	6,431	6,197	6,771	5,527	5,527
Pittsburgh & Shawmut.....	676	946	600	28	65	65
Pittsburgh, Shawmut & North.....	391	420	463	483	237	237
Pittsburgh & West Virginia.....	1,166	951	1,179	3,350	1,870	1,870
Rutland.....	579	624	749	1,261	943	943
Wabash.....	6,265	5,946	6,132	10,800	9,839	9,839
Wheeling & Lake Erie.....	5,765	4,895	5,480	4,940	3,723	3,723
Total	184,110	165,837	170,172	213,323	176,092	176,092
Allegheny District—						
Akron, Canton & Youngstown.....	728	550	476	1,130	1,013	1,013
Baltimore & Ohio.....	43,141	36,565	35,397	24,060	19,697	19,697
Bessemer & Lake Erie.....	6,348	6,519	5,025	1,823	2,545	2,545
Buffalo Creek & Gauley.....	306	282	301	5	5	5
Cambria & Indiana.....	1,966	1,558	1,613	18	10	10
Central R.R. of New Jersey.....	8,020	7,276	7,617	16,905	12,700	12,700
Cornwall.....	642	703	596	55	53	53
Cumberland & Pennsylvania.....	304	249	24	40	32	32
Ligonier Valley.....	118	109	133	31	40	40
Long Island.....	965	883	650	2,883	2,787	2,787
Penn-Reading Seashore Lines.....	2,223	1,675	1,510	2,257	1,766	1,766
Pennsylvania System.....	89,098	75,274	74,404	58,275	48,315	48,315
Reading Co.....	17,776	15,900	15,546	23,874	18,825	18,825
Union (Pittsburgh).....	20,494	19,228	14,852	6,356	6,009	6,009
Western Maryland.....	4,442	3,612	4,339	9,518	7,489	7,489
Total	196,571	170,383	162,723	147,230	121,286	121,286
Pocahontas District—						
Chesapeake & Ohio.....	29,127	26,428	28,414	13,571	12,368	12,368
Norfolk & Western.....	21,456	23,382	22,840	6,328	5,617	5,617
Virginian.....	4,960	4,728	4,303	1,906	1,783	1,783
Total	55,273	54,538	55,557	21,805	19,768	19,768

Petroleum And Its Products

Petroleum Coordinator Harold L. Ickes blasted the testimony of John J. Pelley, president of the Association of American Railroads, on the number of tank cars available for movement of petroleum into the Eastern refinery areas when he appeared before the Maloney Senate Committee Wednesday (October 1) to testify on his statement of a few days previous that there were only 5,192 tank cars available for such movement in contrast to the 20,000 figure given by Mr. Pelley at earlier hearings. He sharply criticized the findings of the Committee that there was no actual shortage of gasoline or refined products on the East Coast, which he said were based upon the inaccurate testimony of Mr. Pelley, and which handicapped the work of the Petroleum Coordinator's Office "severely" following their publication. In support of his argument, Mr. Ickes submitted a letter from a major oil company reporting that it was able to obtain only 160 tank cars of a requested 1,000-total.

Revision of the method of gasoline rationing on the East Coast and turning over of control to the Division of Priorities of the Office of Production Management was disclosed this Tuesday in Washington when it was announced that a new plan had been developed to curtail motor fuel consumption in the 17 East Coast states and the District of Columbia by 10 per cent. The new plan, which had been recommended by Oil Coordinator Ickes, is radically different from the first ruling and eliminates most of the causes of the complaint. Under the new plan, which became effective immediately, deliveries by the oil companies will be held down to a per-

centage of their average deliveries from May thru July 1, last instead of a percentage of July deliveries alone. It also provides for allowances from month to month for seasonal trends in the various states. For example, oil companies will deliver to New Jersey during October, less gasoline than the May-July average. Deliveries to individual distributors will be based upon a percentage of the amount received in the same month during the previous year. This means that the net result will be that each state and distributor will receive the same percentage of the available supplies as he did in previous years.

Only transportation exempt from the restrictions on gasoline use is that which falls into the defense classification such as interstate trucks, public health vehicles and agricultural machines which will receive all the gasoline they require. Taxicabs and delivery trucks no longer are exempt and are now in the same field as passenger cars. The new program also provides that independent service stations are authorized to "demand continued delivery" of their quotas from the oil companies who regularly supply them.

An estimate that "the total amount of anticipated transportation available for the East Coast movement is still approximately 174,000 barrels less than is required to replenish and maintain inventories at safe levels" was made public by Oil Coordinator Ickes in connection with the new curtailment program. Gasoline deliveries for the month of October in the shortage-threatened area will be allocated as follows:

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Southern District—					
Alabama, Tennessee & Northern.....	412	264	293	234	185
Atch. & W. P.—W. R.R. of Ala.....	1,001	891	905	2,110	1,616
Atlanta, Birmingham & Coast.....	813	767	646	1,110	772
Atlantic Coast Line.....	10,717	10,102	8,756	7,010	5,577
Central of Georgia.....	4,566	4,348	4,283	3,987	3,220
Charleston & Western Carolina.....	444	472	434	1,604	1,235
Clinchfield.....	1,807	1,359	1,471	2,895	2,027
Columbus & Greenville.....	412	279	526	424	339
Duham & Southern.....	201	178	193	469	367
Florida East Coast.....	450	459	516	864	836
Gainsville Midland.....	41	29	36	95	175
Georgia & Florida.....	1,366	1,437	1,027	2,168	1,720
Georgia & Alabama.....	427	315	444	657	478
Gulf, Mobile & Ohio.....	4,561	3,255	1,945	3,388	3,557
Illinois Central System.....	29,675	24,607	26,922	15,870	12,834
Louisville & Nashville.....	26,317	23,693	25,023	8,756	6,041
Macon, Dublin & Savannah.....	211	133	155	686	510
Mississippi Central.....	244	163	263	388	271
Nashville, Chattanooga & St. L.....	3,852	3,190	3,244	3,213	2,719
Norfolk Southern.....	1,580	1,304	1,155	1,560	1,318
Piedmont Northern.....	539	401	452	1,693	1,080
Richmond Fred. & Potomac.....	485	415	398	5,655	3,650
Seaboard Air Line.....	10,255	9,223	9,037	6,578	4,589
Southern System.....	26,355	23,458	22,984	19,753	15,866
Tennessee Central.....	571	451	470	738	683
Winston-Salem Southbound.....	175	166	190	1,021	889
Total	127,577	111,359	113,564	92,924	72,654
Northwestern District—					
Chicago & North Western.....	23,274	22,399	21,141	14,967	12,339
Chicago Great Western.....	3,061	2,787	2,881	3,753	3,514
Chicago, Milw., St. P. & Pac.....	24,178	22,144	22,231	9,560	9,257
Chicago, St. P., Minn. & Omaha.....	4,333	4,450	4,722	4,583	4,398
Duluth, Missabe & Iron Range.....	22,701	22,015	14,136	270	298
Duluth, South Shore & Atlantic.....	1,128	1,211	1,474	604	530
Elgin, Joliet & Eastern.....	10,864	8,432	7,735	9,633	7,131
Ft. Dodge, Des Moines & South.....	716	689	597	147	181
Great Northern.....	26,911	24,621	22,778	4,175	3,687
Green Bay & Western.....	620	599	715	784	679
Lake Superior & Ishpeming.....	3,346	2,302	3,242	100	72
Minneapolis & St. Louis.....	2,149	2,473	2,051	2,414	2,213
Minn., St. Paul & S. S. M.....	7,378	8,164	8,236	3,270	2,839
Northern Pacific.....	12,630	12,299	11,318	5,049	4,071
Spokane International.....	208	306	284	350	296
Spokane, Portland & Seattle.....	2,722	2,127	1,726	1,438	2,042
Total	146,721	137,023	125,267	60,197	53,544
Central Western District—					
Atch. Top. & Santa Fe System.....	22,669	21,506	23,157	9,208	6,592
Alton.....	3,567	3,109	3,461	3,160	2,380
Birmingham & Garfield.....	656	463	474	85	87
Burlington & Quincy.....	18,431	17,690	17,811	11,403	10,242
Chicago & Illinois Midland.....	2,925	2,233	1,677	1,003	828
Chicago, Rock Island & Pacific.....	14,060	13,693	13,643	11,233	9,994
Chicago & Eastern Illinois.....	2,934	3,010	2,934	3,369	2,916
Colorado & Southern.....	997	757	863	1,691	1,455
Denver & Rio Grande Western.....	4,525	3,690	3,988	4,698	3,905
Denver & Salt Lake.....	1,053	1,049	944	25	14
Ft. Worth & Denver City.....	1,049	1,124	1,228	1,196	1,010
Illinois Terminal.....	1,961	1,937	2,037	1,923	1,648
Missouri-Illinois.....	1,175	913	1,391	534	573
Nevada Northern.....	1,972	1,524	1,063	1	

Petroleum And Its Products

(Continued from Page 405) The reference to final appraisal, in view of the fact that the Mexican courts already have set the properties' value at \$11,500,000,000, indicates that reconsideration of this valuation has the approval of the Mexican Government.

Unofficial comments by oil company officials indicated that they were surprised and slightly disappointed in the terms of the agreement as submitted to them by the Department of State since they had anticipated either the complete return of their properties or "full and adequate" payment in accordance with Secretary of State Hull's message to the Mexican Government shortly after the properties had been seized.

Another factor that is causing considerable uncertainty is what position will the American oil companies be in if they accept the current offer since that still leaves \$350,000,000 of British and Dutch properties in the hands of the Mexican Government.

The testimony of railroad officials before the Maloney subcommittee was flatly refuted by Oil Coordinated Ickes last Friday, and repeated on October 1, when he stated in Washington that he had been authoritatively advised that there were 5,192 tank cars available for the transportation of oil to the East in contrast to the figure of "20,000 idle tank cars" given before the Senate group by J. J. Pelley, head of the Association of American Railroads, and other railroad officials.

"Since June 25, the Office of the Petroleum Coordinator has urged the oil industry to use tank cars for the handling of petroleum to the East Coast," Mr. Ickes said. "A public claim has been made for the Association of American Railroads by John J. Pelley, that there were 20,000 idle and available tank cars which could be used for this purpose. No evidence ever was produced by Mr. Pelley or by anyone else as to where these cars, if actually in existence were located."

Mr. Pelley said in a statement released following Mr. Ickes' statement that "I see no point in a controversy about just how many surplus tank cars are available. The figure I gave the Senate Committee were furnished by the people who own the tank cars." He added "we are now moving to (Continued on Page 412)

Electric Output for Week Ended Sept. 27, 1941 Shows Gain of 14.8% Over Like Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Sept. 27, 1941, was 3,233,278,000 kwh. The current week's output is 14.8% above the output of the corresponding week of 1940, when production totaled 2,816,358,000 kwh. The output for the week ended Sept. 20, 1941, was estimated to be 3,232,192,000 kwh., an increase of 16.7% over the like week a year ago.

Table showing Percentage Increase From Previous Year for Major Geographic Regions. Includes data for New England, Middle Atlantic, Central Industrial, West Central, Southern States, Rocky Mountain, and Pacific Coast.

Table showing Data for Recent Weeks (Thousands of Kilowatt-Hours) from 1941 to 1937. Columns include Week Ended, 1941, 1940, Percent Change, 1939, 1938, and 1937.

Table showing Data for Recent Months (Thousands of Kilowatt-Hours) from 1941 to 1937. Columns include Month, 1941, 1940, Percent Change, 1939, 1938, and 1937.

Steel Production Again Up—Orders Irregular

Some industrial observers recall that many months ago steel industry leaders were warned that the indiscriminate passing out of high priority ratings such as A-1-a and A-1-b would result in such an unbalance that eventually priorities would more or less nullify themselves, says the "Iron Age", of Oct. 2, which further continues as follows:

Last week some Ohio machine tool manufacturers met with OPM representatives to wrestle with the same problem, that is, the assignment of too many A-1-a ratings on different priority orders. At this meeting, the National Machine Tool Builders' Association answered the growing clamor for longer work weeks in defense plants by reporting that 85% of the country's machine tool plants are operating their key departments 100 to 168 hours each week to speed production of tools for national defense.

Most anxious among those watching developments in priorities are the small metal-working plants, many of whom are seeking to become defense goods subcontractors.

In a sternly-worded statement to its regional, sub-regional and local business agents, the Steel Workers' Organizing Committee has warned its members about outlaw strikes. "It has come to our attention," the SWOC said grimly, "that in a few instances individual members of our organization have taken it upon themselves to make certain demands upon management for individual wage adjustments. When management refused to grant these requests, these individuals refused to work and succeeded in establishing picket lines."

Despite the growing danger from scrap shortages, steel plant operations in the U. S. this week rose to 98 1/2%, up one and a half points from last week's revised rate of 97%. Higher schedules were reported this week at Pittsburgh, up a point, Youngstown, up three points, Cleveland, five points, and Detroit and St. Louis, one point. Slight losses in production were reported in Southern Ohio, in New England and on the West Coast. Some openheart furnaces at Detroit

were expected to be closed down for lack of scrap before this week ends. Scrap scarcity was given by Republic Steel Corp. as the company's primary reason for adopting a recently announced expansion in pig iron capacity. Some scrap dealers are finding it difficult to obtain supplies from remote areas as allowed by the latest revision in the iron and steel scrap order because some of this material was "lifted" a few months ago when ceiling prices were exceeded.

For another seven days the flow of incoming orders to steel manufacturers has followed an irregular pattern, rising for some companies and declining for others. Although business has fallen off for some of the largest producers, backlogs, which are estimated to run for five to seven months have been little affected.

One new burden saddled upon the steel industry is the almost mandatory fulfillment of steel orders placed by lease-lend countries other than Great Britain. Much of this business formerly was being filled by British and other European steel producers but has now fallen to the U. S. as the result of the war.

Fabricated structural steel awards dropped to 17,700 tons from 32,900 tons last week, the only substantial letting being 11,000 tons for the Boeing Aircraft plant at Renton, Wash. New structural steel projects of 21,725 tons are slightly higher than a week ago.

THE "IRON AGE" COMPOSITE PRICES

Table showing Finished Steel and Pig Iron prices from 1939 to 1941. Includes columns for High and Low prices and dates.

The American Iron and Steel Institute on Sept. 29 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 96.9% of capacity for the week beginning Sept. 29, compared with 96.3% one week ago, 96.3% one month ago and 92.6% one year ago.

Table showing Steel production percentages from 1940 to 1941. Columns include dates and percentages.

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 29, stated:

Steel priorities are working more smoothly as consumers gain familiarity with use of prescribed forms and steelmakers reform schedules in conformity. As a result deliveries for defense work are improving, though civilian consumers have not yet received benefit.

In another month mills will have a more orderly picture of the situation in armament requirements and then can determine how much tonnage can be devoted to nondefense purposes. At present top ratings are so numerous that lower A preferences suffer considerable delay.

Orders for civilian use continue to dwindle, the recession being noted over the past fortnight. Consumers without priority find prospects for delivery so remote they are discouraged from placing further orders.

A number of factors give promise of a better situation for non-defense users in the near future. Curtailment of automobile production will lift part of the burden on flat-rolled steel, army cantonment and industrial defense building are well along and various other pressing phases of the defense program are nearing or passing their peak.

Pig iron allocations for October are about to be announced and a better distribution is expected after the experience of September. Various representations have been made to Washington

which have improved understanding of consumer needs. Output of pig iron is being increased by addition of blast furnaces and other stacks are being prepared to go into production during coming months. Recovery of 8,000 tons of pig iron from a vessel beached in the Delaware River lends a small increase of visible supply.

Scrap shortage continues a major factor and much apprehension is felt over prospects for fall and winter. Finishing touches are being put on a priority order at Washington, designed to place supplies where they will do most good for defense. A ruling by OPM on remote scrap was issued last Friday (Sept. 26). Producers and dealers in scrap will be called on to report scrap inventories as a basis for priority ratings. Steelmakers in the Pittsburgh district estimate that present reserves and receipts at the current rate will carry them to Oct. 15, with probable curtailment or partial shut-down after that date. Most disquieting feature is that stocks are being depleted at a season when accumulation for winter usually is in process.

Last week automobile builders ran 78,535 units off the assembly lines, compared with 60,560 the preceding week and 95,990 in the corresponding week last year.

Ceiling prices have been placed on by-product coke, at the level prevailing for some time. No action has been taken on beehive coke, excess capacity in that grade making it unnecessary. Freezing prices is part of the effort to control cost of steel production by holding down raw material prices.

Exports of steel and iron products in July were 478,016 gross tons, an increase of 19.9% over 398,667 tons exported in June. For seven months these exports were practically the same as for the comparable period in 1940. Scrap exports in July were 59,905 tons, a heavy loss from 327,129 tons shipped in July, 1940. The largest item in July exports was semifinished steel in various forms.

Production rate remained steady at 96% last week, various changes in operation being well balanced. Chicago advanced 1 point to 101%, Wheeling 5 points to 91% and Cleveland 1 point to 95½%. Cincinnati lost 5 points to 83%, Detroit 8 points to 87% and St. Louis 7 points to 91%. Most of these losses will be recouped this week. Rates were unchanged at Birmingham at 95, Eastern Pennsylvania 95, Buffalo 90½, New England 90, Pittsburgh 98 and Youngstown 98.

Composites are unchanged, under OPM price ceilings, finished steel at \$56.60, steel and iron at \$38.15 and steelworks scrap at \$19.16.

Steel ingot production for the week ended Sept. 29 is placed at 98% of capacity in the compilation by Dow, Jones & Co., Inc. This compares with 97½% in the previous week and 97% two weeks ago.

United States Steel is estimated at 99%, against 93% in the week before and 96½% two weeks ago. Leading independents are credited with 97½%, compared with 97% in the preceding week and 97½% two weeks ago.

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

	Industry	U. S. Steel	Independent
1941	98 + ½	99 - 1	97 ½ + ½
1940	92 ½ - 1	94 - 2	92 + ½
1939	85 + 4 ½	82 + 5 ½	87 + 3 ½
1938	47 ½	42	52 ½
1937	71 - 6	66 - 10	75 - 2 ½
1936	75 ½ + 1	70 ½	79 ½ + 3
1935	52 ½ + 1	41 ½ + 1 ½	62 + ½
1934	24 ½	21 ½ - ½	26 ½ + ½
1933	40 + 2 ½	37	42 + 4
1932	17 ½	18 + ½	17 - ½
1931	27 ½ + 1 ½	32 + 1	28 + 1 ½
1930	56 ½ - 3 ½	62 ½ - 3 ½	53 - 3 ½
1929	84 - 1	89 - ½	80 - 1
1928	87 + 1 ½	89 + 3	86 + 1
1927	66 + 1	68 ½	63 ½ + 1 ½

Weekly Coal and Coke Production Statistics

The current weekly report of the Bituminous Coal Division, U. S. Department of the Interior disclosed that the total production of soft coal in the week ended Sept. 20 is estimated at 9,930,000 net tons, a decrease of 1,100,000 tons, or 10.0%, from the output in the preceding week. The suspension throughout the week of Sept. 20 at "captive mines" accounted largely for the loss in tonnage. Production in the corresponding week of 1940 amounted to 9,321,000 tons.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Sept. 20 was estimated at 1,141,000 tons, a decrease of 94,000 tons from the preceding week. Output in the corresponding week of 1940 amounted to 1,115,000 tons.

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

	Week Ended			Calendar Year to Date		
	Sept. 20 1941	Sept. 13 1941	Sept. 21 1940	1941	1940	1929
Bituminous coal— <i>a</i>	9,930	11,030	9,321	349,512	320,897	377,286
Total including mine fuel	1,655	1,838	1,553	1,583	1,436	1,679
Daily average	1,655	1,838	1,553	1,583	1,436	1,679
Crude petroleum— <i>b</i>						
Coal equivalent of weekly output	6,526	6,461	5,800	227,236	225,221	167,438

(a) Includes for purposes of historical comparison and statistical convenience the production of lignite. (b) Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook 1939, page 702). (c) Sum of 38 weeks ended September 20, 1941, and corresponding 38 weeks in 1940 and 1929.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended			Calendar Year to Date		
	Sept. 20 1941	Sept. 13 1941	Sept. 21 1940	1941	1940	1929
Penn Anthracite— <i>a</i>						
Total incl. colliery fuel	1,141,000	1,235,000	1,115,000	39,471,000	36,665,000	50,009,000
Comm'l prod'n	1,084,000	1,173,000	1,059,000	37,503,000	34,882,000	46,408,000
Beehive Coke— <i>b</i>						
U. S. total	132,700	126,700	77,600	4,378,200	1,667,600	4,987,300
Daily average	22,117	21,117	12,933	19,459	7,412	22,166

(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. 13 1941	Sept. 6 1941	Sept. 14 1940	Sept. 16 1939	Sept. 14 1929	
Alabama	4	4	3	4	(f)	(f)
Arkansas and Oklahoma	300	154	281	249	338	405
Colorado	102	88	73	68	123	96
Georgia and North Carolina	167	135	131	117	225	214
Illinois	1	1	1	0	(f)	(f)
Indiana	990	910	898	848	1,143	1,587
Iowa	459	431	355	330	343	550
Kansas and Missouri	43	28	52	55	90	117
Kentucky—Eastern	145	140	127	120	140	168
Western	583	877	757	907	965	713
Michigan	210	180	167	160	287	248
Minnesota	45	33	26	32	52	40
Montana	7	8	13	11	16	27
New Mexico	80	62	54	48	74	68
North and South Dakota	27	20	17	20	43	56
Ohio	43	27	34	36	f 47	f 27
Ontario	685	583	415	437	522	851
Pennsylvania bituminous	2,710	2,452	2,475	2,208	2,916	3,585
Tennessee	145	131	111	117	111	119
Texas	8	9	12	20	23	26
Utah	101	90	85	95	110	103
Virginia	411	365	283	324	265	245
Washington	43	31	39	31	47	58
West Virginia—Southern a	2,304	2,003	1,966	2,081	2,230	1,474
Northern b	853	750	642	610	774	857
Wyoming	163	130	122	133	166	165
Other Western States c	*	1	*	*	f 6	f 4
Total bituminous coal	11,030	9,633	9,139	9,050	11,062	11,814
Pennsylvania anthracite d	1,235	1,217	1,057	1,215	1,434	714
Total, all coal	12,265	10,850	10,196	10,275	12,496	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.

On The Foreign Front

European Stock Markets

War considerations affected European securities markets rather sharply, in recent sessions, with the trends varying widely in the different countries. The spreading realization that the war well may continue indefinitely occasioned repercussions especially on the Continental markets. Some departments of the London Stock Exchange also were affected.

Dealings in London were fairly active and the tone was cheerful, in the latter half of last week. After momentary hesitation stock prices again were marked upward during the initial sessions of the current week. Gilt-edged stocks improved on assurance that low money rates will be maintained. Shipping stocks soared in the London market, after proposals were advanced for dealing with arrears on Cunard-White Star preferred shares. Oil shares also reflected some good buying.

On the Continental markets a good deal of nervousness prevailed. Italian stock exchanges reflected heavy selling as successive new restrictions were imposed by the Rome regime on consumption of foodstuffs, textiles and other wares. The Berlin Boerse was heavy on official moves against advances which, it might appear, are based upon a flight from the currency. Stocks at Amsterdam fell heavily late last week, owing to the measures taken at Berlin, but the upswing in the Dutch market was resumed in recent sessions.

American Neutrality

Formal efforts now are well under way for whittling down or perhaps abandoning altogether the neutrality laws which, since 1935, have been a fundamental tenet in the policy of the United States. That the law is regarded as an awkward obstacle to the sort of policy pursued by President Roosevelt has now been made clear by the President himself and by a number of his Cabinet members and other spokesmen. Revision or repeal of the measure is said to impend, and it is significant that the decision is regarded almost everywhere as one for Mr. Roosevelt to make.

Despite the increasing tendency of the Chief Executive to disregard Congress, there is every assurance of a hot fight in Congress on the question of the neutrality law. Administration supporters introduced in the Senate,

on Sept. 25, a resolution for outright repeal, to the end that arming of American merchant ships can be effected and the vessels sent into war zones. Bearing on this question, in all probability, is a further press-conference assurance by Mr. Roosevelt, Tuesday, that the Administration is determined to protect all American war supplies on all seas. Convoying of ships now is rumored to be in progress by the U. S. Navy both on the Atlantic and the Pacific.

Although genuine neutrality long since has been abandoned by the Administration, the technical neutrality of the current laws remains highly important and possibly would prevent that second A. E. F. which most Americans are believed to view with disfavor. It is a commonplace that Hitler does not desire to take on the United States as a full belligerent. The question of formal entry into the war thus may hinge upon Congressional action with respect to the neutrality law.

While further measures of the Roosevelt policy were under study and formulation, every effort was made to emphasize the growing assistance in war materials being placed at the disposal of Hitler's enemies. Fourteen new ships of the American merchant marine were launched last Saturday, at various yards throughout the country, and Mr. Roosevelt made the occasion one for another warlike declaration. The launches, he said, constituted a "telling blow" at Hitler and other aggressors of his ilk. In view of the ever more martial attitude of the President, the suggestion is heard with increasing frequency that Congress be asked to determine the question of war or peace for the United States.

Russian Needs

Momentous and indicative is the conference that began in

Moscow, last Sunday, among representatives of the Russian, British and United States Governments. The American delegation headed by W. Averill Harriman and the British group under Lord Beaverbrook reached the Russian capital that day and immediately plunged into protracted discussions with the Soviet Russian authorities on the war needs of the latter. Premier Joseph Stalin greeted the delegations and Foreign Commissar V. M. Molotoff urged in a remarkably brief address that six sub-committees be formed. "Time is precious," said M. Molotoff. "Let us get to work."

Moscow dispatches make it clear that the Russians need war materials and supplies of all kinds, and occasional hints have been supplied that the situation is becoming desperate. Such intimations are difficult to check, however, for Washington spokesmen made it clear, last Saturday, that the Russians are less than frank about their actual military position. They permit British and American observers to visit only scattered and isolated portions of the front, and until the Russians make their position really clear all their requests will be viewed with a degree of uncertainty.

There is no doubt, however, that the Russians do need much assistance, and President Roosevelt plainly is taking it for granted that Congress will authorize lend-lease aid to Moscow under the new appropriation requested on Sept. 13. Plans are said to be under study at Washington for diverting to Russia a large part of American munitions production in coming months. Britain is acting along similar lines and devoted the entire tank output of last week to Russian aid. Prime Minister Churchill informed the House of Commons, Tuesday, that many important supplies already are reaching Russia, and he added that only an "enormous" conversion of American factories to the manufacture of war materials can keep Russia on the firing line indefinitely.

Mr. Churchill likewise stated that transportation facilities, rather than ability or willingness to give, may in the end be the limiting factor in aid to Russia. This is a problem that doubtless will receive increasing attention in coming months and it will prove a difficult one to answer. All the desperate haste of American shipbuilding is inadequate for British needs alone, and Russia is a good deal more difficult to supply, since transportation routes apparently will be limited to the Persian Gulf and Vladivostok routes, with the latter highly uncertain. Voyages to both areas are long and shipping is scarce.

Nazi-Communist War

Warfare on the tremendous battle line from Leningrad to the Black Sea once again is veiled in obscurity, after a German victory in the battle east of Kiev. The Nazi High Command claimed the victorious termination of that battle of encirclement last Saturday, and if the assertions as to captures of Russian soldiers and equipment prove half-way accurate the way is open for the Germans to the Eastern Ukraine and the battle itself must be regarded as one of the greatest in all recorded history. But no foreign observers are at the scene and all claims must be treated with reserve.

That new developments now are in progress in southern Russia is fairly evident, both sides having again adopted a policy of extreme reticence. The Germans remark merely that results of the still nameless battle east of Kiev are being exploited. This can

(Continued on Page 408)

Non-Ferrous Metals—Export Copper Higher

"Metal and Mineral Markets" in its issue of Oct. 2 reported that the feature in the way of price changes during the last week was an advance of one-half cent a pound in export or bonded copper. The knowledge that the Government will pay more for Chilean copper prompted the move. The domestic situation in copper, lead, and zinc underwent no change. Russian demands for metals are expected to further dislocate the markets. The reduction in the price of aluminum to 15c. a pound went into effect Oct. 1. Manganese and chrome ores were a little easier, owing to improved ocean freight conditions. Ferrochromium advanced 2c. on third-quarter business.

Copper

Pending final action on the new contract to acquire additional large tonnages of Latin American copper, producers in Chile have consented to ship to Metals Reserve a total of about 65,000 tons during October and November. The price is said to be 11 1/4c., United States ports. This development strengthened the market for bonded copper and sellers raised their views to 11 1/2c. f.a.s. New York, on Sept. 26. The export quotation has held at 11c., f.a.s. basis, since April 29.

Allocation certificates for October copper went into the mail yesterday. Domestic sales for the week involved 10,345 tons. Sales for the month of September totaled 93,719 tons. The domestic quotation continued at 12c., Valley.

Full priority status was imposed on copper and brass scrap in order M-9-b issued by Donald M. Nelson, Director of Priorities, Sept. 30. Control over scrap is expected to speed up the movement of such material to refiners and brass mills.

Lead

The trade believes that the Government is negotiating for additional tonnages of Canadian lead. Fairly large tonnages are on hand in Canada and available for immediate shipment. The domestic situation was unchanged, with consumers still asking for more lead than producers cared to sell. About 35,000 tons of imported pig lead will be released during October, which tonnage should aid greatly in satisfying the demand. Supply and "actual" consumption of lead appear to most observers to be in balance.

Quotations continued at 5.85c., New York, and at 5.70c., St. Louis.

Sales of common lead for the week by domestic producers amounted to 2,154 tons.

Zinc

Sales of the common grades for the week ended Sept. 27 totaled 6,885 tons, against 7,621 tons in the week previous. Ship-

ments last week came to 6,418 tons. The backlog showed little change at 61,745 tons. Prime Western zinc continued at 7 1/4c., St. Louis.

OPM announced on Sept. 26 that producers of zinc will set aside an amount for the October pool equal to 27% of their August production. This will amount to about 20,400 tons. At the same time it was stated that producers of zinc oxide and zinc dust will not be required to set aside part of their production for October use.

Imports of slab zinc during July amounted to 3,779 tons, of which 1,500 tons came from Canada and 2,279 tons from Mexico.

Tin

The price situation in tin was unchanged, Straits holding at 52c. a pound for all positions. The Singapore market steadied, moving close to parity. Deliveries of tin in the United States during September amounted to 12,715 tons, which compares with 13,625 tons in August.

Straits tin for future arrival was as follows:

	Oct.	Nov.	Dec.
Sept. 25	52.000	52.000	52.000
Sept. 26	52.000	52.000	52.000
Sept. 27	52.000	52.000	52.000
Sept. 28	52.000	52.000	52.000
Sept. 29	52.000	52.000	52.000
Sept. 30	52.000	52.000	52.000
Oct. 1	52.000	52.000	52.000

Chinese tin, 99%, spot, was nominally as follows: Sept. 25th, 51.125c.; 26th, 51.125c.; 27th, 51.125c.; 29th, 51.125c.; 30th, 51.125c.; Oct. 1st, 51.125c.

Aluminum

The 2c. per pound reduction in aluminum, establishing the price of ingot at 15c. a pound, went into effect Oct. 1. The Aluminum Co. of America observes that in 1886, when production started at the plant of the parent company, the Pittsburgh Reduction Co., the metal was selling at \$8 a pound, with output at the rate of 9,000 pounds a year. When the present war emergency is over, more than a billion pounds will be available annually.

Quicksilver

Spot and nearby quicksilver continued in light supply and prices were more or less nominal. In general, quotations ranged from \$193 to \$195 per flask. The Pacific Coast market for October shipment metal remained at \$190 per flask. Prices covering the more distant positions were subject to negotiation, with few consumers willing to take on large quantities under prevailing price conditions.

Foreign Front

(Continued from Page 407) only mean that the Nazis are pushing forward toward Kharkov, which is the great industrial center of the Donets Basin. It may also be that contingents are pushing northward for another encirclement of the Russian forces between Smolensk and Moscow. Until the fresh moves in this vast war develop, it may well be impossible for the outside world to evaluate the battle east of Kiev.

After several days of rising claims of Russian soldiers captured, the German High Command tersely stated on Sept. 27 that the battle east of Kiev had ended with 665,000 prisoners in German hands. The war material captures included 884 tanks and 3,718 guns, in addition to "tremendous quantities" of other supplies, according to the statement. The Russians contended themselves with saying that of 15 encircled divisions almost ten had escaped intact and were capable of giving a good account of themselves. Thereafter both the Germans and Russians lapsed into their usual habit of asserting that matters are going "according to plan."

There were intimations from Berlin, furnished by the official news agency, that still more Russians had been captured eastward of the encircled region, as the Reich forces moved onward. But military experts incline to the belief that another sizable battle well may develop before Kharkov. At the southern end of the long line the Germans admittedly were driving toward the Crimean Peninsula, and parachute troops were dropped in that area. But the Russians claimed to be holding out in the Crimea and also at Odessa, which remains under siege.

In the center the Russians reported blow after blow against the Germans in the Smolensk salient, and foreign observers were able to confirm the development there. The sector is a sea of mud, however, after many days of steady rain. This means that both sides are finding their supply problems difficult. German airplane attacks against Moscow were noted intermittently, and the Kremlin itself was reported hit by the Germans. All such attacks again were made at night, which indicates that the Germans are far from having wiped out the Russian air force.

Leningrad remained under attack by the Germans and their Finnish allies, but holds out valiantly. A good part of the vast accumulation of Russian war materials apparently was stored in Leningrad arsenals, for mines by the thousands were laid to impede the German advance. The precise position of the Leningrad defense remains uncertain. British authorities made a formal effort to have the Finns end their war against Russia, but no success so far has been achieved. In the sea warfare both sides claimed sinkings of large opposing naval units, but the information appears to be less than reliable.

British Lifeline

Increasing military activity now is apparent along much of the long lifeline from the United Kingdom to the Far East, and vast campaigns are virtually assured if the Russian defense in Europe collapses and the Communists retreat behind the Urals. The Mediterranean is the scene of intensive preparations for a winter struggle. The Near and Middle East are being prepared for fresh diplomatic and military developments.

British forces engaged this week in an obvious attempt to make the war too hot for Premier Mussolini and the discontented

Wholesale Prices Down Slightly

The reaction in agricultural markets brought the Bureau of Labor Statistics' index of wholesale prices of nearly 900 series down slightly by 0.1% during the week ended Sept. 20. Acting Commissioner Hinrichs reported on Sept. 25. "At 91.5% of the 1926 average, the general level of commodity prices in wholesale markets is 1.7% higher than last month and 17.8% above a year ago," Mr. Hinrichs said.

The Labor Bureau's announcement further said:

Average wholesale prices for farm products dropped 0.4% and food prices 0.7% during the week. Both groups are substantially higher than in 1940—farm products by 39%, and food prices by 24 1/2%. Prices for all grains, except barley, fell sharply and quotations were also lower for cotton, eggs, onions, and potatoes. Weakening prices for steers and lambs brought the average for livestock and poultry down 0.3%. Meats declined 2.1%. Quotations were also lower for fresh beef at New York, and fresh pork and lamb. Higher prices were reported for calves, live and dressed poultry, cured pork, and for hay, tobacco, and wool. There were further advances for butter, cheese, most canned and dried fruits, sweet potatoes, coffee, oleo oil, edible tallow, and refined soy bean oil.

Textile products and chemicals and allied products continued to rise, both advancing by 0.6% during the week. Quotations were higher for cotton goods such as denim, ticking, tire fabrics and cotton yarn, and for rayon yarns, and raw jute. Sharp increases occurred in prices for certain industrial chemicals, including denatured alcohol, salt cake, zinc chloride, phosphates, synthetic camphor, and for fats and oils.

Hides rose more than 3% and prices for leather, shoes and luggage also advanced. Coal and petroleum products continued to rise.

The lumber index rose 0.9% because of higher quotations for most types of Douglas fir and for yellow pine drop siding, and timbers. Maple and oak flooring declined and lower prices were also reported for yellow pine boards, finish and flooring. Turpentine declined 4.4% during the week, while linseed oil advanced.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Aug. 23, 1941 and for Sept. 21, 1940 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Sept. 13 to Sept. 20, 1941.

(1926 = 100)

Commodity groups	9-20			9-21			Percentage changes to		
	1941	1941	1941	1940	1940	1941	9-23 1941	9-23 1941	9-21 1940
All commodities	91.5	91.6	91.0	90.0	77.7	-0.1	+1.7	+17.8	
Farm products	91.2	91.6	83.1	86.7	65.7	-0.4	+5.2	+38.8	
Food products	88.5	89.1	88.6	87.0	71.1	-0.7	+1.7	+24.5	
Hides and leather products	111.7	111.4	111.2	110.8	99.0	+0.3	+0.8	+12.8	
Textile products	83.2	88.7	88.3	87.3	72.0	+0.6	+2.2	+23.9	
Fuel and lighting materials	80.0	80.0	79.9	79.8	71.9	0	+0.3	+11.3	
Metals and metal products	98.7	98.7	98.7	98.6	95.3	0	+0.1	+3.6	
Building materials	105.2	105.9	105.0	105.2	95.2	+0.3	+1.0	+11.6	
Chemicals and allied products	87.6	87.3	86.0	85.9	73.8	+0.6	+2.2	+14.3	
Housefurnishing goods	98.0	97.9	97.1	96.8	90.0	+0.1	+1.2	+8.9	
Miscellaneous commodities	83.0	84.9	84.5	83.6	75.3	+0.1	+1.7	+11.4	
Raw materials	83.0	83.0	83.5	83.6	70.1	-0.2	+3.3	+28.1	
Semimanufactured articles	90.1	83.9	90.0	89.4	77.5	+0.2	+0.8	+16.3	
Manufactured products	92.8	93.0	92.6	91.8	81.7	-0.2	+1.1	+13.6	
All commodities other than farm products	91.6	91.7	91.4	90.7	80.4	-0.1	+1.0	+13.9	
All commodities other than farm products and foods	91.8	91.6	91.4	90.9	82.5	+0.2	+1.0	+11.3	

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM SEPT. 13 TO SEPT. 20, 1941

Increases		Decreases	
Oil and fats	2.2	Clothing	0.3
Rayon	2.0	Brick and tile	0.3
Fruits and vegetables	1.4	Chemicals	0.3
Anthracite	1.1	Shoes	0.2
Lumber	0.9	Woolen and worsted goods	0.2
Fertilizer materials	0.7	Petroleum products	0.2
Cotton goods	0.7	Drugs and pharmaceuticals	0.2
Other miscellaneous	0.5	Other textile products	0.1
Hides and skins	0.5	Bituminous coal	0.1
Leather	0.5	Furnishings	0.1
Other leather products	0.5	Furniture	0.1
Grains	2.3	Other foods	0.8
Meats	2.1	Livestock and poultry	0.3
Cattle feed	1.3	Cereal products	0.2

Bond Prices Steady

Prices have been firm and even upward in trend for most classes of bonds this week. Treasury bonds have improved fractionally.

High-grade railroad bonds have been slightly improved in price with a firm undertone toward the close of the week under review. Atchison, Topeka & Santa Fe gen. 4s, 1995, at 109 gained 1/8. Medium-grade rail bonds have ranged from mixed to slightly better and more speculative rail issues have scored wide gains. Among issues in the latter group Southern Railway 6 1/2s, 1956, have advanced 1 3/4 to 84 3/4. Defaulted rails in light trading have picked up fractions.

Utility bonds of investment quality have been firm. Speculative bonds have been more erratic, issues such as Interstate Power 6s, 1952, New England Gas & Electric 5s, 1947, and Associated Telephone & Telegraph 5 1/2s, 1955, having lost ground. Canadian utility issues have been active and strong reflecting a continuation of the steady demand which has been noticeable in recent weeks. Sale of \$90,000,000 American Telephone & Telegraph debentures to a group of insurance companies has removed the issue from the list of forthcoming flotations.

The drift has been generally downward in the industrial section of the list with losses primarily confined to fractions. Exceptions, on the down side, include Certain-teed Products 5 1/2s, 1948, off 1 1/8 points to 85 3/8, International Mercantile Marine 6s, 1941, off 3 3/4 points to 84 1/2, and Childs Company 5s, 1943, down 1 1/2 points to 45 despite moderate strength toward the end of the week. On the up side such speculative issues as Marion Steam Shovel stamped 6s, 1947, Francisco Sugar 6s, 1956, and Manati Sugar 4s, 1957, have risen 1 1/2 to 3 1/8 points.

Foreign bonds have experienced a temporary unsettlement and some of the recently stronger issues such as Commonwealth and Scandinavian issues relinquished several points but steadied later. Canadian loans have continued well in demand while, in the South American list, Cuba 4 1/2s established a new high and Sao Paulo

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

Sept.-Oct.	Electrolytic Copper		Straits Tin		Lead		Zinc
	Dom. Refy.	Exp. Refy.	New York	New York	St. Louis	St. Louis	St. Louis
25	11.775	10.950	52.000	5.85	5.70	7.25	
26	11.775	11.450	52.000	5.85	5.70	7.25	
27	11.775	11.450	52.000	5.85	5.70	7.25	
29	11.775	11.450	52.000	5.85	5.70	7.25	
30	11.775	11.450	52.000	5.85	5.70	7.25	
1	11.775	11.450	52.000	5.85	5.70	7.25	
Average	11.775	11.376	52.000	5.85	5.70	7.25	

Average prices for calendar week ended Sept. 27 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery 11.117c.; 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. 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 0.05c. 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. 25, spot, £256, three months; £259 1/4; Sept. 26, spot, £256, three months, £259 1/4; Sept. 29, spot, £256, three months, £259 1/4; Sept. 30, spot, £256, three months, £260 1/4; and Oct. 1, spot, £256, three months, £260 1/4.

(Continued on Page 409)

Coffee 7s advanced 4 1/2 points. Italy 7s have improved 2 points and Japanese have continued irregularly lower.

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

MOODY'S BOND PRICES (Based on Average Yields)
Table with columns: 1941 Daily Averages, U.S. Govt. Bonds, Avg. Corporate Rate, Corporate by Ratings (Aaa, Aa, A, Baa), Corporate by Groups (R.R., P.U., Indus), and Stock Exchange Closed.

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

Table showing Moody's Bond Yield Averages from Sept 30, 1941, to Sept 30, 1939. Columns include Corporate by Ratings (Aaa, Aa, A, Baa) and Corporate by Groups (R.R., P.U., Indus).

These prices are computed from average yields on the basis of one "typical" bond (3 1/2% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations.

Bonds Used In Moody's Corporate Bond Yield Averages

Table listing bonds used in Moody's Corporate Bond Yield Averages, categorized by RAILROADS, PUBLIC UTILITIES, and INDUSTRIALS. Each category lists bond names and their corresponding Moody's ratings (Aaa, Aa, A, Baa).

Foreign Front

(Continued from Page 408) Italian people.. The sharpest air raids yet suffered by Italy were reported early this week. Large squadrons of the British air force soared over a score of Italian ports and industrial cities and dropped heavy bombs.

be uncomfortable, it may be that the drive to put Italy out of the war has a chance of success. Another great aerial-naval engagement occurred in the Mediterranean last Saturday, and was reported progressively and rather differently by the Italian and British Commands.

three planes downed, and the crews of two were rescued. The Italian version, which can be regarded as largely fanciful, was that three British cruisers and three merchant ships were sunk in this encounter, while nine other vessels were reported damaged.

but the quiet is plainly deceptive since both sides are preparing for a test of strength. To the south, in Ethiopia, one of the small remaining Italian forces surrendered this week to the British. Especially significant is the diplomatic tug-of-war that remains in progress in the area where the tip of the Balkan peninsula is separated only by the Dardanelles from the Near East.

Ankara, where the Germans are endeavoring to swing the countries into the Axis, while British representatives are working at least for neutrality.

All signs point to the rapid development of rail and other communications from the head of the Persian Gulf to the Russian Caucasus, for that may turn out to be the only assured route for sea-borne supplies for Russia from Britain and the United States.

Churchill Reports

One of his increasingly rare explanations of the progress of the war was made Tuesday by Prime Minister Winston Churchill, without disclosure of intentions for the future. The British spokesman was more optimistic than on previous occasions, but he warned the House of Commons and the British people generally against any easy assumption that the danger point has been passed.

Mr. Churchill remarked in his discourse that Hitler has said nothing for seven months about the German plans, and he reaffirmed his intention of avoiding too frequent expositions of government policy. What Hitler said last January and February proved helpful to the British defense, said Mr. Churchill, who indicated in this fashion that he has no intention of reciprocating.

The only German military shortage is in the air, Prime Minister Churchill remarked. That is a serious shortage, he admitted, but pointed out that in other respects the Germans hold the initiative. The clamor in England for a British invasion of the Continent to relieve the pressure upon Russia was answered by the Prime Minister, who assured the House that this expedient had been carefully considered on a number of occasions.

With respect to the Battle of the Atlantic, Mr. Churchill had some reassuring things to say. He declared that British, Allied and neutral merchant ship sinkings in the quarter of July, August and September were only one-third of such losses for the preceding quarter of April, May and June. Since the British official figures for the three earlier months totaled 1,416,000 tons, losses now disclosed by the Prime Minister for the summer period amounted to approximately 472,000 tons.

Soon after Mr. Churchill gave the House this tempered report, German aerial bombings of British East-Coast cities were resumed on a large scale, obviously because the Germans were nettled at the references to their (Continued on Page 410)

Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 26 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. 13, 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. 13 (in round-lot transactions) totaled 649,015 shares, which amount was 17.64% of total transactions on the Exchange of 3,664,950 shares. This compares with member trading during the previous week ended Sept. 6 of 439,870 shares or 16.72% of total trading of 2,504,760 shares. On the New York Curb Exchange, member trading during the week ended Sept. 13 amounted to 144,190 shares, or 16.65% of the total volume on that Exchange of 773,310 shares; during the preceding week trading for the account of Curb members of 105,995 shares was 16.07% of total trading of 587,720 shares.

The Commission made available the following data for the week ended Sept. 13:

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:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received...	1,054	777
1. Reports showing transactions as specialists	191	100
2. Reports showing other transactions initiated on the floor	202	43
3. Reports showing other transactions initiated off the floor	219	85
4. Reports showing no transactions	558	561

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 effected 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) Week Ended Sept. 13, 1941

	Total For Week	Per Cent of A
A. Total Round-Lot Sales		
Short sales	101,170	
Other sales b	3,563,780	
Total sales	3,664,950	
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	301,320	
Short sales	50,130	
Other sales b	247,430	8.17
Total sales	237,560	
2. Other transactions initiated on the floor		
Total purchases	227,870	
Short sales	17,500	
Other sales b	208,450	6.19
Total sales	226,050	
3. Other transactions initiated off the floor		
Total purchases	114,780	
Short sales	11,600	
Other sales b	113,725	3.28
Total sales	125,405	
4. Total		
Total purchases	643,970	
Short sales	79,410	
Other sales b	569,605	17.64
Total sales	649,015	

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares) Week Ended Sept. 13, 1941

	Total For Week	Per Cent of A
A. Total Round-Lot Sales		
Short sales	10,595	
Other sales b	762,715	
Total sales	773,310	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	71,340	
Short sales	6,005	
Other sales b	81,240	10.25
Total sales	87,305	
2. Other transactions initiated on the floor		
Total purchases	20,900	
Short sales	2,500	
Other sales b	19,770	2.79
Total sales	22,270	
3. Other transactions initiated off the floor		
Total purchases	21,110	
Short sales	1,060	
Other sales b	33,555	3.60
Total sales	34,615	
4. Total		
Total purchases	113,350	
Short sales	9,625	
Other sales b	134,565	16.65
Total sales	144,190	
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	0	
Customers' other sales c	49,273	
Total purchases	49,273	
Total sales	31,374	

* 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

Fertilizer Association Commodity Price Index Declines Further from September 13 Peak

The weekly wholesale commodity price index compiled by The National Fertilizer Association was slightly lower again last week. This index in the week ended September 27, 1941, dropped to 116.5 from 116.7 in the preceding week. Two weeks ago the index was 116.8, the highest point recorded since the spring of 1930, and a year ago it was 96.7, based on the 1935-1939 average as 100. An announcement issued by the Association Sept. 29 went on to say:

A sharp drop in farm product prices more than offset industrial commodity price rises, causing a fractional dip in the all-commodity index last week. The only items to advance in the farm products group were wheat at Kansas City and raw wool, all other grain prices and cotton and most livestock prices declined, the net result being the largest decline registered by the farm product index this year. The textile average turned downward as raw cotton more than offset price increases in raw wool and woolen yarn. Lower quotations for cottonseed meal and cattle feed were responsible for a decline in the miscellaneous commodity index. The food price average was somewhat higher, with 12 items included in the group advancing and only 5 declining. The building material index also was higher, with an upturn in southern pine sufficient to more than offset a decline in linseed oil. The fertilizer material price index rose fractionally.

During the week 21 price series included in the index declined and 17 advanced; in the preceding week there were 21 declines and 37 advances; in the second preceding week there were 6 declines and 40 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX					
Compiled by The National Fertilizer Association					
1935-1939=100*					
Each Group Bears to the Total Index	GROUP	Latest Week		Preceding Month	
		Week	Week	Aug. 23	Year Ago
25.3	Foods	113.9	113.2	111.2	90.1
	Fats and Oils	129.2	129.3	119.0	64.6
	Cottonseed Oil	155.0	157.9	139.0	61.7
23.0	Farm Products	117.9	120.5	116.6	85.5
	Cotton	157.1	165.2	162.6	88.6
	Grains	103.1	110.0	103.3	81.6
	Livestock	112.5	114.3	112.9	84.8
17.3	Fuels	110.8	110.8	111.3	101.6
10.8	Miscellaneous Commodities	125.7	123.3	122.7	108.8
8.2	Textiles	139.4	139.5	136.4	102.4
7.1	Metals	103.8	103.8	103.8	103.8
6.1	Building Materials	127.6	123.8	120.5	109.3
1.3	Chemicals and Drugs	107.6	107.6	106.3	103.7
.3	Fertilizer Materials	114.3	114.2	112.7	101.7
.3	Fertilizers	107.1	107.1	107.1	103.0
.3	Farm Machinery	99.7	99.7	99.3	99.3
100.0	All Groups Combined	116.5	116.7	114.7	98.7

* Base period changed January 4 from 1926-1928 average to 1935-1939 average as 100. Indexes on 1926-1928 base were: Sept. 27, 1941, 90.8; Sept. 20, 1941, 90.9; Sept. 28, 1940, 75.3.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill. in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY					
Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
1940—Month of—					
January	528,155	579,739	167,240	72	71
February	420,639	463,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236,693	79	73
July	544,221	587,339	196,037	72	73
August	452,613	487,127	162,653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184,002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—Month of—					
January	673,446	629,863	202,417	75	—
February	608,521	548,579	261,650	81	—
March	652,128	571,050	337,022	82	—
April	657,732	726,450	447,525	83	—
May	656,437	602,323	488,993	84	—
June	634,684	608,995	509,231	88	—
July	509,231	807,440	737,420	86	—
August	659,722	649,031	576,529	94	—
Week Ended 1941—					
May 3	165,583	147,188	447,525	83	80
May 10	170,436	148,381	466,064	84	80
May 17	101,295	149,884	472,782	84	80
May 24	168,875	152,410	489,915	85	81
May 31	155,831	151,648	488,993	84	81
June 7	156,188	144,481	500,252	84	81
June 14	158,821	156,439	504,766	86	81
June 21	168,561	153,364	518,755	88	82
June 28	151,114	154,711	509,231	90	82
July 5	149,197	129,019	529,633	74	82
July 12	147,365	131,531	542,738	77	82
July 19	168,431	156,989	550,902	82	81
July 26	182,603	160,609	572,532	82	82
Aug. 2	159,844	159,272	572,635	91	83
Aug. 9	174,815	159,894	587,498	93	83
Aug. 16	169,472	162,889	582,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

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."

Foreign Front

(Continued from Page 409)

lack of airpower. The Anglo-German war as a whole, however, continued to consist largely of British aerial attacks upon numerous ports and cities within the Reich, and upon various strategic points of the invasion coast. Berlin asserted late last week that a British convoy of 12 vessels had been attacked and 11 of the ships sunk. London dismissed such claims lightly as "German fantasy," but survivors soon began to arrive at Lisbon, indicating that the sinkings occurred off Africa. In the Churchill report the British sinkings of Axis merchant ships in somewhat less than three months were placed at one and one-half times the losses of April, May and June.

European Stirrings

Far and wide in conquered Europe and in the few remaining neutral countries trouble now is stirring for the Germans and their Italian associates, the movements in some areas attaining levels that promise to be of considerable importance as a war factor. The approach of winter and its privations undoubtedly is aiding the unrest to spread. More important still is the German necessity for flinging vast armies into the struggle with Russia and the consequent dwindling of the armies of occupation. The Communists are said to be fostering such developments through their underground organizations, and both Britain and the United States likewise have taken skillful steps to foster the spirit of revolt.

Within the last few days the Moravia-Bohemia Protectorate portion of former Czechoslovakia has been added to the list of countries that are rising against their conquerors and despoilers. In Southeastern Europe the Serbians have rebelled so effectively that large Italian contingents were added to those already on the scene, and some reports suggest extensive German aid to the Italians in putting down the disturbances. At the other end of the vast arc of Europe which the Nazis are holding with increasing difficulty the Norwegians are developing "passive resistance" into an art. France continues to seethe and the Low Countries also are contributing to the troubles of the invaders.

Nine governments-in-exile met in London last week and, together with Russian representatives, pledged full allegiance to the eight-point Atlantic declaration issued in August by President Roosevelt and Prime Minister Winston Churchill. This action by the London spokesmen for the various regimes apparently heightened the anti-Nazi movement. The nine regimes which now make London their headquarters are those of Belgium, Free France, Czechoslovakia, Greece, Luxemburg, the Netherlands, Norway, Poland and Yugoslavia. Agreement also was reached for establishing a pool of foodstuffs and raw materials, to be utilized at the end of the war for the immediate rehabilitation of Europe.

Much of the news regarding the growing spirit of revolt comes from Berlin, which is an aspect of the matter that has not yet been adequately explained. The rigid control of communications by the Nazis might not suffice to keep all reports of the developments from reaching the outside world, but no real attempt to suppress the news of the revolts appears to be in progress, in any case. The Germans possibly view the revolts as a matter of course.

Agitation against the conquering forces in occupied France is said to be lively and continuous. (Continued on Page 413)

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. 29 as follows:

	(August, 1939=100)										
	Argentina	Australia	Canada	England	India	Japan	Mexico	New Zealand	Sweden	Switzerland	United States
1940—											
May	120	118	120	143	116	113	112	131	132	112	
June	118	118	120	144	116	113	114	131	136	109	
July	118	118	120	145	115	112	114	132	140	109	
August	118	119	120	150	115	111	120	132	144	109	
September	116	120	121	145	116	110	122	135	153	111	
October	113	123	122	145	117	110	120	139	158	114	
November	113	125	124	146	118	111	118	142	164	118	
December	113	126	126	149	120	111	119	144	168	118	
1941—											
January	114	127	126	150	120	111	119	144	172	120	
February	114	126	127	150	121	113	119	147	171	120	
March	119	122	129	150	123	114	119	154	176	122	
April	121	121	131	150	125	115	119	156	180	125	
May	126	120	134	152	129	117	120	158	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	
Sept. 20	139	122	146	*156	137	131	123	156	—	144	

Lumber Movement for Week Ended Sept. 20

Lumber production during the week ended Sept. 20, 1941, was 4% less than the previous week; shipments were 4% greater; new business 9% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 4% above production; new orders 3% below production. Compared with the corresponding week of 1940, production was 7% greater, shipments 2% less, and new business 10% less. The industry stood at 121% of the average of production in the corresponding week of 1935-39 and 130% of average 1935-39 shipments in the same week.

Year-to-date Comparisons
Reported production for the 38 weeks of 1941 to date was 13% above corresponding weeks of 1940; shipments were 15% above the shipments and new orders were 11% above the orders of the 1940 period. For the 38 weeks of 1941 to date, new business was 7% above production, and shipments were 6% above production.

Supply and Demand Comparisons
The ratio of unfilled orders to gross stocks was 38% on Sept. 20, 1941, compared with 31% a year ago. Unfilled orders were 3% greater than a year ago; gross stocks were 15% less.

Softwoods and Hardwoods
Record for the current week ended Sept. 20, 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. Wk. (Rev.)
Mills	463	483	468
Production	281,860	263,983	292,096
Shipments	294,244	300,277	282,960
Orders	273,154	304,081	250,760
Softwoods			
Mills	389	—	—
Production	271,553—100%	10,305—100%	—
Shipments	282,824—104	11,420—111	—
Orders	264,189—97	8,965—87	—

Canadian Harvesting Delayed by Weather

Unsettled weather has prevailed throughout the Prairie Provinces of Canada and harvesting has made poor progress, with the greatest delays in Manitoba, according to the Sept. 18 Canadian crop report of the Bank of Montreal, which states:

Wheat cutting is nearing completion and threshing is estimated to be 55% finished. Harvesting of coarse grains is slightly behind wheat operations. Wheat deliveries by farmers since Aug. 1 are only about one-half of those of the corresponding period a year ago. Early threshed wheat has graded satisfactorily, but wet weather over large areas has substantially lowered grades of later threshed wheat and wheat still in the stock. The protein content is high. The Dominion Bureau of Statistics estimates wheat production in the Prairie Provinces at 286,000,000 bushels, compared with 525,000,000 bushels in 1940.

In the Province of Quebec harvesting of an average crop of good quality grains is practically completed and threshing is well under way. In Ontario good crops of corn, sugar beets and tobacco are reported. Ploughing and seeding of fall wheat are proceeding under favorable conditions. In the Maritime Provinces grain crops are slow in ripening, but heads are well filled and satisfactory returns are expected. In British Columbia less than average yields are forecast for grains.

New Coordinators
Secretary of the Treasury Morgenthau on Sept. 29 appointed, for the twelve months beginning Oct. 1, District Coordinators and Assistant District Coordinators for 15 districts in continental United States and for the San Juan and Honolulu districts.

President Requests Further \$5,985,000,000 For Lend-Lease Program to Maintain Flow

President Roosevelt asked Congress on Sept. 18 for an additional \$5,985,000 for the lease-lend program in order that there be "no interruption in the flow of aid to those countries whose defense is vital to our own." In a letter to Speaker of the House Rayburn, the President recommended "speedy enactment" of the request. He also explained that of the \$7,000,000,000 appropriated

for the program six months ago, "aid in the amount of \$6,280,000,000 is now moving through the successive stages of allocation, obligation, production and delivery."

Accompanying the President's letter was a proposed appropriation measure, prepared by Harold D. Smith, Director of the Budget, showing a breakdown of the \$5,985,000,000 estimate. The largest single item was \$1,875,000,000 for "agricultural, industrial and other commodities and articles," while the second largest was \$1,190,000,000 for ordnance and ordnance stores, including armor and ammunition, with \$850,000,000 for vessels and \$685,000,000 for aircraft next in order. These funds would remain available until June 30, 1943.

The President's second report to Congress under the lend-lease act, indicating the "increasing amount of material aid we are rendering to the democracies," is given elsewhere in these columns today.

The following is the text of President Roosevelt's lease-lend letter to Speaker Rayburn and the text of the Budget Director Smith's letter on the same subject:

The Speaker of the House of Representatives.
Sir:

I have transmitted to the Congress the second report of operations under the lease-lend act. This report indicates the increasing amount of material aid we are rendering to the democracies.

Of the \$7,000,000,000 appropriated six months ago, aid in the amount of \$6,280,000,000 is now moving through the successive stages of allocation, obligation, production and delivery. Additional funds are now needed in order that there be no interruption in the flow of aid to those countries whose defense is vital to our own.

I am, therefore, transmitting a supplemental estimate of appropriation in the amount of \$5,985,000,000, details of which are set forth in the accompanying letter from the Director of the Bureau of the Budget. I recommend its speedy enactment.

Respectfully,
(Signed) FRANKLIN D. ROOSEVELT.

Budget Director Harold E. Smith's letter dated Sept. 13, follows:

Sir:
I have the honor to submit for your consideration a supplemental estimate of appropriation to carry out the provisions of the act entitled "An act to promote the defense of the United States," approved March 11, 1941, in the amount of \$5,985,000,000, as follows:

To enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, in addition to the sums appropriated by the "defense aid supplemental appropriation act, 1941,"

whose defense the President deems vital to the defense of the United States, to the extent that such government agrees to pay the United States for such defense articles, information or services prior to the receipt thereof and to make such payments from time to time as the President may require to protect the interests of the United States; and, upon payment of the full cost, the President may dispose of such articles, information or services to such government.

Section 3. Any defense article procured pursuant to this act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

Section 4. No part of any appropriation contained in this act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates the overthrow of the Government of the United States by force or violence; provided, that for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation in this act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both; provided further, that the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

Section 5. This act may be cited as "Title II of the defense aid supplemental appropriation act, 1941."

(Recommended that the estimate be transmitted to Congress.)

Very respectfully,
(Signed) HAROLD D. SMITH,
Director of the Bureau of the Budget.

Following a conference on Sept. 22 between President Roosevelt and Democratic Congressional leaders, it was agreed that the lend-lease request would be given the speediest possible consideration. It was also decided that a deficiency bill carrying about \$100,000,000 in defense items would be incorporated in the measure.

A House Appropriations subcommittee on Sept. 23 opened hearings on the legislation. Testifying before the group Secretary of Agriculture Wickard said that \$1,000,000,000 in foodstuffs must be sent to Great Britain within the next five months. "This is the very lowest estimate of funds needed for the commodities the department has promised to supply Britain," Mr. Wickard said, adding "it includes purchases made and commitments entered into to Feb. 28, 1942."

Earlier the same day, Edward R. Stettin, Jr., Lend-Lease Administrator, urged the committee to reject any prohibitions which would bar aid to Russia, even though the Administration plans to aid Russia through measures other than the lend-lease program.

Association of Stock Exchange Firms Plans To Reorganize Into National Trade Body

The Association of Stock Exchange Firms announced on Sept. 22 a plan for reorganization of the Association into an active national trade body with the view to enlarging the usefulness of the organization to the public to the Exchange community and to the securities industry generally. The program, which had been approved by the Association's Board of Governors on Sept. 17,

has been transmitted, together with a letter from Emil Schram, President of the New York Stock Exchange, to all members of the Exchange and to all partners of Stock Exchange firms. The proposed reorganization will be voted upon by the members of the Association at a special meeting to be held on Oct. 7.

The Association's plan for expansion of its activities and services will be pointed in two directions: (1) a program devoted to the internal interests of the industry and (2) a campaign of public information.

Inssofar as internal activities are concerned, the board objectives include promotion of co-operation among members for improved production, to provide expert legal advice on mutual problems by retaining as counsel to the association legal advisers specializing in security matters, to assemble and disseminate information of value to members, to improve merchandising technique of members desiring such assistance, to publish a copyrighted bulletin service as a means of keeping members informed as to interesting developments and to seek a reduction in the number of, and a simplification of, forms and reports required by regulatory bodies.

The external activities, to be undertaken jointly by the Exchange and the Association, are briefly summarized as follows:

(1) To increase the public's interest in listed securities.

(2) To demonstrate the advantages of doing business with member firms of the New York Stock Exchange.

(3) To enlarge the public's understanding of the New York Stock Exchange as an essential business institution.

(4) To make known the Stock Exchange's vital role in accelerating the flow of capital into constructive, job-creating investment.

The following definite activities are contemplated by the Association:

(1) Wider use of advertising and other sound informational media.

(2) Cooperation among member firms in the maintenance of advertising standards and in encouraging the legitimate and productive use of advertising.

(3) Continuous and intensive educational work by members of the New York Stock Exchange community, including partners and employees, in all sections of the country. Such educational work will be conducted by means of public addresses before interested business, civic, women's and educational organizations, and over the radio.

(4) The production of a motion picture of high educational and entertainment value. This picture would be produced for theatrical as well as non-theatrical distribution. Copies would be made available to local groups of the Association in various parts of the country to be used in connection with their public speaking activities as well as their general educational work.

(5) Active sponsorship of "THE EXCHANGE" magazine, with the publication to be continued by the Stock Exchange.

(6) The production of a variety of literature for distribution to member firms, banks,

business organizations, schools, libraries, etc.

(7) Cooperation with public officials and agencies, national, state and local, in endeavoring to eliminate the sale of questionable securities and in exposing fraud and deceit in the sale of securities.

(8) Expertly directed campaigns for tax relief, city, state and Federal, with special emphasis upon the stock transfer tax and the national capital gains tax.

(9) Appearance before legislative committees, government agencies and other bodies with respect to matters that affect our industry and the investing public.

(10) The fostering of harmonious relations between the New York Stock Exchange and regional exchanges and other securities organizations.

The new program was undertaken by the Association at the suggestion of Mr. Schram, who in a speech delivered on June 25 said that the Association, properly organized and financed for such purpose, "could become the strong right arm of the Exchange."

In his letter to Stock Exchange members, Mr. Schram said that support of such a program "will augur well for the future of our business" and urged members and member firms to join the new Association. His letter said, in part:

The proposed reorganization and the program of enlarged activity are soundly conceived. The Association is to have a genuine national character with definite, attainable objectives. The plans which have been outlined are well calculated to extend the public usefulness of our industry and, at the same time, to create a wider demand for the services of the Exchange, its members and member firms.

The Association has wisely provided for a gradual development of its program. In other words, the community's support of the contemplated work is to be conditioned upon accomplishment and performance.

The program mapped out for the first year of the reorganized Association is an ambitious one. The activities planned for this period are summarized in the accompanying memorandum of the Association's Board of Governors and the tentative plans for the further expansion of the Association's work are also commented upon. This prospectus deserves careful reading.

It is estimated that to carry out the reorganization and first year's activity will require a budget of \$100,000. To raise this amount it is proposed that the annual dues be revised to the following schedule: Individual members not belonging to firms, \$10; specialist firms not doing business with the public, \$10 for each general or special partner; out of town member firms, \$125 plus \$10 for each partner; New York non-clearing firms, \$75 plus \$10 for each general or special partner; New York clearing firms, \$200, plus \$10 for each general or special partner and for each branch office maintained by a member firm \$10. In order to provide the Association with an income of \$100,000 during the first year, it would be necessary to enroll as members

RFC To Buy \$100,000,000 Worth of Russian Minerals; Proceeds For War Purchases in U. S.

Federal Loan Administrator Jesse Jones revealed on Sept. 17 that, at the request of President Roosevelt, the Defense Supplies Corporation, a subsidiary of the Reconstruction Finance Corporation, has contracted to buy \$100,000,000 worth of manganese, chromite, asbestos and platinum from Russia. An advance payment of up to \$50,000,000 will be made to the Amtorg Trading

Corporation, an American corporation controlled by Russian interests, to be used by Russia in paying for war materials purchased in this country. The first \$10,000,000 of this fund, Mr. Jones said, has been made available to Amtorg as of Sept. 17 and the remainder will be advanced when needed. These advances are made against the purchase price of the "critical and strategic materials" which are to be delivered as rapidly as possible. Mr. Jones emphasized that the \$50,000,000 advance is not a loan and declared that the other \$50,000,000 will be disbursed as the materials are delivered in the United States.

In his letter to Mr. Jones requesting the arrangement, the President pointed out that Russia needs dollar exchange for war supply purchases in the United States and that this country needs materials produced in Russia "to expedite our own national defense program."

The President's letter, dated Sept. 12, was made public by Mr. Jones, as follows:

Dear Mr. Administrator—
The Russian Government needs dollar exchange with which to buy war supplies in the United States; we need many critical and strategic materials produced in Russia, some of which we normally import from that country.

To assist the Russian Government in paying for war supplies which it wants to buy in the United States, and which it can get in limited quantities, and to expedite our own national defense program, I would like you to arrange through the Reconstruction Finance Corporation, or one of its subsidiaries, for the purchase from Amtorg Trading Corporation, a United States corporation owned by

approximately all the present members and member firms of the Stock Exchange. The Exchange has over 1,300 members and more than 2,000 allied members with more than 7,000 registered representatives and 900 branch office managers in 359 cities located in 44 States.

In order to accomplish the transition from the old management of the Association to its new form, it is proposed that at the special meeting to be held on Oct. 7 members will vote upon the reorganization plan and constitutional changes adopted by the present Board of Governors. It is further proposed that the present Board tender their resignations on Oct. 7 to become effective on Nov. 17 and that a new Nominating Committee be appointed.

The report sent to members suggests that to expedite the reorganization and to insure the necessary diversity of representation the new Nominating Committee be composed of John L. Clark of Abbott, Proctor & Paine, New York; Russell E. Gardiner, Jr., Reinholdt & Gardener, St. Louis; Elton Parks, Dominick & Dominick, New York; Richard Pigeon, Estabrook & Co., Boston; and Robert L. Stott, Wagner, Stott & Co., New York, and Chairman of the Board of the New York Stock Exchange.

The new Nominating Committee under the plan will present its slate for Governors and the succeeding Nominating Committee on Nov. 7 and on Nov. 17 the election of new Governors and Nominating Committee will take place.

effects of the diversion of tanker transportation to the shuttle service." It was also disclosed in the Jones report that since it did not include the location of the surplus cars, further expansion of the survey was under way to determine this information.

Pennsylvania grade crude oil producers were told in Washington on September 26 by Leon Henderson, head of the OPA, that they would be allowed to increase prices if they present sufficiently conclusive evidence that such a step is warranted. The producers, who were protesting a price-cut and price-ceiling order by the OPM, argued at the hearing the proposed price advances would not be inflationary but would permit high production without higher final costs to consumers. The Office of Price Administration, then the OPACS, disapproved August 23 a new price schedule for Pennsylvania grade crude oil which lifted prices 23 to 25 cents a barrel.

Daily average crude oil production fell off 14,200 barrels from its record high of the previous week in the September 27 period, but despite the decline, the total of 4,000,000 barrels was more than 100,000 above the Bureau of Mines' estimate of September market demand. The American Petroleum Institute report showed that lower production in California, Oklahoma and Texas offset higher totals for other states. Inventories of domestic and foreign crude were up 336,000 barrels during the week ended September 20, rising to 246,500,000 barrels, the Bureau of Mines reported. American oil stocks were up 323,000 barrels, and foreign holdings up 13,000 barrels.

There were no crude oil price changes during the week.

Refined Products

Expansion of aviation gasoline refining facilities in the United States to cope with the increased demand resulting from the heavy shipments to Great Britain and Russia as well as defense needs for the American Army and Navy is planned by the Government, with the schedule calling for an increase of more than 200 per cent in refining capacity in the high octane aviation motor fuel field, it was disclosed by Oil Coordinator Ickes in Washington last Saturday.

Tentative plans call for the construction of 50 new refining plants, capable of producing upon completion a daily average supply of 120,000 barrels of aviation gasoline, at an estimated cost of \$150,000,000. Arrangements for the financing of the construction of the new plants is under the direction of Federal Loan Administrator Jesse Jones and a flexible program has been agreed upon under which the government may build and lease plants to private interests, make loans to private industry to build new facilities or to carry out any arrangement to accomplish the task.

With the release of the news concerning the plans to expand the nation's aviation motor fuel refining capacities, Mr. Ickes also made public the results of a survey of Atlantic Coast service station operators which disclosed that an overwhelming majority of the operators favored continuation of the nightly closing station program. The survey was conducted by the Oil Industry Marketing Committee for the East Coast and disclosed a majority of better than 8 to 1 in favor of continuing the nightly closings for service stations.

A seasonal gain in stocks of finished, unfinished and aviation motor fuel developed during the September 27 period which saw total holdings of gasoline rise 804,000 barrels to 81,003,000 barrels, the mid-week report of the American Petroleum Institute disclosed. The gain in stocks of motor fuel was more noteworthy since it occurred in the face of a drop of 818,000 barrels in produc-

(Continued on Page 413)

Russian interests, of manganese, chromite, asbestos, platinum and other articles and materials which we usually import from Russia, up to the value of \$100,000,000, for delivery as rapidly as possible, with proper allowance for dislocation of transportation and of their productive facilities, and that advances up to \$50,000,000 be made against the purchase price of these critical and strategic materials, to be used by Russia in paying for purchases in this country.

Sincerely yours,
FRANKLIN D. ROOSEVELT.

The total of funds already advanced to Russia by the United States to finance its purchases in the United States was increased to \$20,000,000 on Sept. 18 when it was disclosed by Secretary of the Treasury Morgenthau that the Treasury on Aug. 15 had granted an advance of \$10,000,000 against future deliveries of gold from the Soviet Union. Mr. Morgenthau said that the \$10,000,000 advance, made by agreement with Constantine A. Oumansky, the Soviet Ambassador, with the approval of the State Department, was to be paid back by delivery of an equivalent amount of gold within 90 days. Associated Press advices of Sept. 18 reported the following:

The Secretary said no further requests for Russian aid had come to the Treasury and he could not predict what action would be taken on any future request because, "you know, the Treasury is on a day to day policy."

Asked whether Russian credit was good, Mr. Morgenthau said, "They have met every bill in this country since I have been Secretary." He added:

"They said they wanted the money to pay American manufacturers and I gave them the money because we always want to see that the American manufacturer gets his money."

The money, he said, was disbursed through the Amtorg Trading Corporation, a Russian-owned corporation in this country.

The Secretary said he did not know whether any of the Russian gold had arrived yet, and Commerce Department statistics showed no gold received from Russia since the week ended August 13. Receipts that week were \$3,407,285. That shipment, incidentally, was the first one from Russia in over a year.

Petroleum And Its Products

(Continued from Page 406)

the Atlantic Seaboard 75,000 barrels of oil per day, although the general rate reductions have been in effect only 10 days. Railroads and oil companies are completing arrangements for a further substantial movement to the Eastern Seaboard. So far as I know, the oil companies which are now moving and propose to move the oil are having no difficulty in getting tank cars."

In the report made to Mr. Ickes, Mr. Jones pointed out that "there is a wide discrepancy between this factual inventory of cars and the statements which have appeared in the press recently, which have left the impression that there are 20,000 idle tank cars now standing ready to be placed in service for the transportation of oil to District 1, which has felt most acutely the

Items About Banks, Trust Companies

The Dime Savings Bank of Brooklyn, fifth largest savings bank in the country, has applied to the New York State Superintendent of Banks for permission to establish a department for over-the-counter sale of savings bank life insurance, it is announced by Philip A. Benson, President of the bank. Mr. Benson's announcement also stated that work is now in progress on a five-story and basement addition to the bank's main office building on Fulton Street at DeKalb Avenue, Brooklyn. The new section of the bank's headquarters will front on Flatbush Avenue Extension and will be ready for occupancy next Spring. This provision of additional space has been made necessary to accommodate departments that are steadily expanding with the growth of the institution and its many services to which will now be added that of savings bank life insurance.

New York State Superintendent of Banks William R. White issued on Sept. 26 a call for reports from State banks, trust companies, industrial banks and private bankers, as of the close of business on Sept. 24, 1941.

J. P. Morgan & Co. Incorporated, New York, in its statement of condition as of Sept. 30, 1941, reports total resources of \$777,171,834 and total deposits of \$722,385,613, compared with \$756,366,382 and \$701,288,839 on June 30, 1941. According to the latest statement, cash on hand and on deposit in banks totaled \$245,095,257, against \$238,982,056 three months ago; United States Government securities (direct and fully guaranteed), at the latest date are shown as \$380,409,936, compared with \$382,333,416; State and municipal bonds and notes are now \$46,232,467, against \$45,705,341; and loans and bills purchased at \$62,095,987, compared with \$47,980,108 on June 30. The capital and surplus are unchanged from the previous quarter at \$20,000,000 each, while the latest statement shows undivided profits of \$1,028,655, compared with \$1,011,972 on June 30.

The First National Bank of the City of New York, in its statement of condition at the close of business Sept. 30, 1941, shows total resources of \$1,002,044,178, and total deposits of \$878,029,755, compared with \$965,329,627, and \$840,228,722, respectively, on June 30 last. Cash and due from Federal Reserve Bank and other banks, including exchanges, are given as \$289,595,302 in the latest statement, against \$292,394,398 on the earlier date; holdings of United States obligations, \$491,379,742, compared with \$475,973,005; and loans and discounts of \$52,345,262, against \$42,966,813. Capital and surplus remain unchanged at \$10,000,000 and \$100,000,000, respectively. Undivided profits in the current statement are shown at \$9,277,965, after making provision for the Oct. 1 dividend of \$2,500,000, as compared with \$9,849,381 on June 30, after providing for the July 1 dividend of \$2,500,000.

According to the Sept. 30, 1941 statement of condition of the Public National Bank & Trust Co. of New York, total resources on that date amounted to \$201,618,905 while deposits are reported at \$179,201,589, compared with \$192,296,791 and \$170,701,011, respectively, on June 30. Cash and due from banks in the current statement are given as \$56,835,703, against \$51,527,395; loans and discounts amount to \$87,725,486, compared with \$81,258,253, and United States Government obligations to \$42,828,803, against \$44,762,994. Capital and surplus were unchanged from three months ago at \$7,000,000 each but undivided profits were \$4,125,269 on Sept.

30 compared with \$3,758,294 at the end of June. The dividend of \$150,000 payable Oct. 1, shown in the current statement, is one of two quarterly dividends declared in May of this year. The bank reported earnings for the third quarter ended Sept. 30 of 91c per share, and for the first nine months of 1941 of \$2.57.

The Philadelphia National Bank, Philadelphia, Pa., in its Sept. 30 statement of condition, shows total deposits of \$712,584,387 and total resources of \$767,603,231, compared with \$641,682,042 and \$696,838,254, respectively on June 30. In the current statement, cash and due from banks amounts to \$416,002,494 (against \$349,835,247); holdings of United States Government securities are now \$185,852,865 (as compared with \$180,358,134), and loans and discounts are \$97,771,888 (against \$100,515,200). No change has been made in capital stock which stands at \$14,000,000 but surplus and net profits have increased to \$31,500,171 from \$31,089,053 at the end of June.

The Manufacturers National Bank of Detroit, in its statement of condition as of the close of business on Sept. 24, 1941, reports total assets of \$207,742,512 and total deposits of \$197,691,263, compared with \$212,609,107 and \$202,776,685, respectively, on June 30, 1941. The chief items comprising the resources in the current statement are: cash, balances with other banks, including reserve balance, and cash items in process of collection, \$96,736,935 (against \$105,234,725); United States Government obligations, \$63,481,102 (against \$58,932,011); and loans and discounts, \$36,437,428 (against \$34,694,003). The bank's capital and surplus remain unchanged at \$3,000,000 and \$4,500,000, respectively, while undivided profits as of Sept. 24 are reported at \$1,498,608, against \$1,398,408 on June 30, 1941.

Exempt Fat & Oil Futures

The Office of Price Administration on Sept. 11, in clarifying its order for elimination of speculative practices in the fats and oils markets, exempted futures trading on the commodity exchanges from its restrictive provisions. Price Administrator Leon Henderson said his original order had not been intended to interfere with operations of the futures market, but he added that "if the activity in the futures market should reach a point where it creates an artificial influence on prices, action may then become necessary to limit such trading."

He also amended his price order to exempt futures contracts and purchase or sales by Federal departments or agencies from the 45-day limitation on deliveries under forward sales.

The original order (referred to in our issue of Aug. 30, page 1212) was issued by the OPA on Aug. 28 and on the following day (Aug. 29) futures trading in cottonseed oil and lard was suspended by some commodity exchanges. Following the OPA previous clarification (on Aug. 29), when it said that there is nothing in the schedule designed to prevent trading in futures contracts in fats and oils, futures trading on the Chicago Board of Trade was resumed on Aug. 30 and on the New York, Produce Exchange on Sept. 2.

Foreign Front

(Continued from Page 410)

with the Germans still resorting to the shooting of hostages as a means of putting down this opposition. A French court was set up in Paris to try offenders, and three French Communists were condemned and shot, last Saturday, by that tribunal. The Petain regime at Vichy, meanwhile, is continuing the effort to reach some sort of all-round agreement with the Nazis. There are elements in Belgium and Holland which are continuing implacably the struggle against the German forces.

Upon Norway the conquerors are laying a heavy hand, for reports direct from Oslo stated last Friday that orders had been issued for the surrender to the Nazis of all woolen blankets, payment to be made by the Reich on its own appraisal. This, possibly, is in part a reprisal for the sabotage and the "slow-work" movement of the Norwegians. From Stockholm came reports, Sunday, that Germany is halting all exports to Norway, and in view of the situation in which that Scandinavian country finds itself, this means a stoppage of all economic life.

Former Czechoslovakia was reported from Berlin, early this week, to be a scene of militant demonstrations against the Reich. In six important sections of that German "Protectorate" a state of emergency was declared. Among the prominent Czechs arrested was Gen. Alois Elias, former Premier. Reinhard Heydrich, one of the leaders of the German secret police, replaced Baron Konstantin von Neurath as the German administrator of the Protectorate.

Equally significant were indications of a widespread revolt among the Serbians in their native hills, which now are supposed to be policed almost entirely by the Fascist troops of Premier Benito Mussolini. Rome admitted a week ago that more than 500,000 Serbs still oppose the Axis regime in Croatia, while in the more difficult terrain to the south a number of centers of revolt were noted. The Italians recaptured the Dalmatian coast in order to put down the disorders, and some dispatches stated that large squadrons of German dive-bombers were sent over the Serbian strongholds, which were bombed.

Japan Celebrates

Japanese authorities furnished renewed indications last Saturday of their intention to adhere to the pact with Germany and Italy signed just one year earlier by the Tokio regime. For the Far Eastern situation this is more profoundly significant than the reported exchanges between President Roosevelt and Premier Prince Fumimaro Konoye, which still are unpublished. Washington no longer seems to entertain much hope of a genuine improvement in diplomatic relations.

The Axis alliance may be unpopular in Japan, but the Government there nevertheless sponsored the only official celebration permitted of the signature of the Rome-Berlin arrangement. Vice Admiral Teijiro Toyoda, Japanese Foreign Minister, described the Axis alliance in a public address as the creation of a "new order" in the world. This declaration doubtless had the full support of the Japanese militarists, which suggests that a profound political overturn would be necessary for any real change in Japanese policy.

In the course of the celebration, every effort was made by Japanese spokesmen to avoid offense to the United States. The speakers declared that Great Britain is the enemy of Japan,

American Wage Earners Worked 7.4 Hours Less per Week in July 1941 Than in July 1929

The American wage earner, on the average, was working 7.4 hours less per week in July, 1941, than in July, 1929, according to comparable figures for 25 manufacturing industries compiled by The Conference Board. The Board reports that the average working time per week per wage earner in the 25 industries, which include several which are vital defense industries, was 41.0 hours per week in July as compared with 48.4 hours per week in July, 1929. It is pointed out that in none of the 25 industries, moreover, was the working time per wage earner as long as in 1929. Further details of the Board's study were given as follows on Sept. 27:

In the iron and steel industry, wage earners worked an average of 37.9 hours in July, 1941, as compared with 54.3 in July, 1929, a decrease of 16.9 hours per week. In the meat packing industry there was a decrease of 13.5 hours. In the automobile industry there was a decrease of 11.7 hours, although part of the decline is attributable to the fact that the seasonal low point in automobile production came earlier this year than in 1929. The silk industry worked 9.7 hours less per week in July, 1941, than in July, 1929, and the paint and varnish industry 8.6 hours less. Despite urgent demand for cotton goods, the northern cotton mills' average working time in July, 1941, was 40.2 hours per week, as compared with 48.5 hours in July, 1929, a decrease of 8.3 hours.

Decreases shown by the Board's figures for some of the other industries were as follows: Paper and pulp, 8.1 hours; printing (news and magazine), 7.7 hours; paper product, 7.4 hours; boots and shoes, 7.2 hours; chemicals, 7.2 hours; hosiery and knit goods, 7.2 hours; wool, 7.2 hours; agricultural implements, 6.6 hours; lumber and millwork, 6.5 hours; leather tanning and finishing, 6.3 hours; rubber, 6.2 hours; printing (book and job) 4.8 hours; and furniture, 4.2 hours.

The two industries on which national defense requirements have fallen most heavily, electrical equipment and foundries and machine shops, came closer to working 1929 hours than any of the others. In the electrical equipment industry the average hours per week per wage earner were 44.0 in July, 1941 as compared with 47.2 in July, 1929, a decrease of 3.2 hours. In foundries and machine shops

there was a decrease of 3.5 hours, the average working time per wage earner having been 45.7 hours in July, 1941, as compared with 49.2 hours in July, 1929. In one of the most important defense subdivisions of the foundry and machine shop group, the machine and machine tool industry, the average hours per wage earner amounted to 49.4 in July, 1941, a decrease of only 0.7 hours from the average working time of 50.1 hours in July, 1929.

Average hours per week per wage earner were only 2.9 higher in July, 1941, than in July, 1940, when the defense program was just beginning. In July, 1941, the average for the 25 industries was 41.0 hours, as compared with 38.1 hours in July, 1940.

The greatest increases in working time were in the boot and shoe and woolen industries, which were just emerging from temporary slumps in July, 1940, leaving plenty of room for an increase of 5.0 hours by July, 1941. Otherwise the largest increases were in the automobile industry, where the average working time increased from 32.3 hours to 36.9 hours, in foundries and machine shops, where it increased from 41.1 to 45.7 hours, in the furniture industry, where it increased from 38.2 to 42.7 hours, in the rubber industry where it increased from 34.2 to 38.7 hours, and in the electrical equipment industry, where it increased from 40.3 to 44.0 hours.

In two industries the wage earners worked fewer hours per week than in July, 1940. In the meat packing industry the time per week was 38.9 hours, as compared with 40.8 in July, 1940; and in the lumber and millwork industry it was 38.5 hours, as compared with 39.7 hours in July, 1940.

Petroleum And Its Products

(Continued from Page 412)

tion of gasoline which fell off to 13,213,000 barrels during the week.

A fractional decline in refinery operations pared the total by 0.4 points, with refineries operating at 92.5 per cent of capacity. Daily average runs of crude oil to stills were off 15,000 barrels, dropping to 3,980,000 barrels. Inventories of residual fuel oils were up 246, while holdings of gas oil and distillate expanded 1,043,000 barrels.

The report compiled by Grover A. Whalen for Mayor La Guardia of New York City, covering the gasoline situation in the nation's largest city, will be mailed to the Mayors of all large cities throughout the country, it was disclosed at the Mayor's office. Mr. Whalen's report held that while there is a shortage of both gasoline and fuel oil in New York City, the condition can largely be corrected by conservation and prevention of waste.

Price changes in the refined petroleum products' field was confined for the most part to local readjustments and there were no movements in the basic price structure.

which may signify an intention at Tokio to expand southward if and when the opportunity presents itself. But most informed circles still hold that Japan is playing a waiting game, with the full intention of attacking the Russians in Siberia, in the event of a sweeping German victory over the Communists in Europe.

The China incident continues, meanwhile, with fierce battles reported in and near Changsha, the capital of Hunan Province. The Japanese claim progress at Changsha, but the Chinese defenders merely say that the situation is serious. Costs of the protracted venture of the Japanese militarists in China were emphasized, last week, when the Cabinet found drastic budgetary economies necessary. No less than 1,323,000,000 yen of "non-defense" cost items were removed from the budget, which thus was reduced to 12,875,000,000 yen of ordinary expenditures. After war costs are added, the total Japanese budget is estimated at 21,500,000,000 yen for the current fiscal year, with the debt rising at the rate of about 1,000,000,000 yen monthly.

Sees Details Required of Investment Dealers As Entitling Him to Share in Profits

We are in receipt of a letter from Cleversley & Company, White Building, Buffalo, N. Y., setting forth the case of the investment dealer in the question of split commissions. The letter follows:

There has been under discussion for some time past, the matter of splitting commissions between the broker and the investment dealer on New York Stock Exchange transactions developed by investment dealers who are not members of the Stock Exchange.

In considering whether or not the Investment Dealer is entitled to share in the profit of the business that he originates, it might also be well to consider the work that he has to perform, in order properly to handle such transactions.

The enclosed detailed statement of the steps necessary may be of interest to your readers. The procedure of handling the sale of a security is almost identical.

We do not make any charge for handling the purchase or sale of securities listed on either the New York Stock Exchange or the New York Curb.

It would seem that in fairness to the Investment Dealer, he should receive some compensation for his services and out of pocket expenses on such transactions.

We trust that the above information may be helpful to the committee who are deciding this important matter and we wish to thank you for your efforts in the dealer's behalf.

When an Investment Banker buys a security on the New York Stock Exchange or the New York Curb, these are a few details which are in order:

- 1 Order to buy received and entries made on the Blotter.
- 2 Order form indicating name of client, name of security, price of security and date must be made.

- 3 Phone broker noting time of call and name of employee taking order.

- 4 Broker phones Investment Banker indicating price paid.

- 5 Statement computed, figuring Commission, Taxes, Interest and Postage all to be rechecked.

- 6 Statement for client typed.
- 7 Envelope addressed and statement enclosed and mailed to client.

- 8 Clients check in payment of securities is received.

- 9 Bank deposit ticket made out.
- 10 Check deposited in bank by Messenger.

- 11 Debit ticket to Bank Account made for ledgers of Investment Banker.

- 12 Credit ticket to Accounts Receivable for ledgers of Investment Banker.

- 13 Check drawn to the order of the broker in payment of securities purchased.

- 14 Entries made in check book blotter.

- 15 Credit ticket to Bank Account for ledgers of Investment Banker.

- 16 Debit ticket to Accounts Receivable for ledger of Investment Banker.

- 17 Entries made in ledger of Investment Banker to various accounts.

- 18 Securities received from broker and receipts given.

- 19 Entries made on Brokers Card Record maintained by the Investment Banker.

- 20 Registered Letter enclosing securities with transfer instructions to Transfer Agent. Post Office forms and return card delivered to Post Office.

- 21 Stock or Bonds received from Transfer Agent and receipts given to Post Office.

- 22 Entries made in Delivery and Receipt Register maintained by Investment Banker.

- 23 Letter sent to client advising securities ready for delivery to him.

- 24 Entries made on Card record maintained by Investment Banker.

- 25 Client calls for and receipts for security.

- 26 Entries made on security holding record maintained by Investment Banker.

- 27 Entries made on Brokers Card maintained by Investment Banker indicating security, date of purchase and delivery.

The Investment Banker usually performs this service gratis — Commission going to the broker.

Foreign Trade Group Convention In N. Y. C.

The 28th National Foreign Trade Convention will be held in New York City, Oct. 6-8, with headquarters at the Hotel Pennsylvania. The theme of the convention is "Foreign Trade for Defense and Reconstruction" — and an impressive list of speakers has been secured for the three days' sessions. The feature of the meeting will be the World Trade Dinner which will be held the evening of Oct. 7. Acting as chairman of the dinner will be James A. Farrell, Chairman of the National Foreign Trade Council, while the toastmaster will be Winthrop W. Aldrich, Chairman of the Board of the Chase National Bank of New York. The speakers scheduled to address the dinner are Viscount Halifax, British Ambassador to the United States, and Sumner Welles, Under-Secretary of State, who will also read a message from President Roosevelt. Eugene P. Thomas, President of the National Foreign Trade Council, will be presented with the Captain Robert Dollar Award "for his distinguished contribution to the advancement of American foreign trade."

The following are some of the particular sessions scheduled: banking; tax committee group; transportation and insurance group; foreign credit, collection and exchange; importers' merchandising, The Americas; education; industrial group; American-British Commonwealth and advertisers. One of the most important sessions will be that which deals with governmental operations affecting foreign trade. Officials representing priorities and export controls, and other Government agencies, will be present to answer questions.

Interest on Holland Bonds

The Netherlands Legation announced in Washington on Sept. 14 that the exiled Netherlands Government in London is making arrangements for "payment at an early date" of interest coupons dated May 15, 1940, and later, on its bonds. The Legation's announcement said that the interest service payments would be made only on "that portion of the national debt which is indisputably free of enemy control". It is noted that a greater portion of the Netherlands national debt was held in Holland itself at the time of the invasion of that country, and no interest, of course, will be paid on this.

The Legation said on Sept. 14, that payments will be made "to holders of bonds registered in accordance with Government directions." The payments will be made in New York by J. P. Morgan & Co., and by other firms in London and the Netherlands East and West Indies.

Canadian Industrial Activity Holds High

Industrial activity in Canada was maintained at a high level in August, about one-third above that of a year previous, but without any substantial rise over July, states A. E. Arscott, General Manager of The Canadian Bank of Commerce, Toronto, in his monthly review issued Sept. 12. The bank's index registered 162 for mid-August (1937-100) as against 161 for mid-July, with the percentage of normal factory capacity utilized remaining unchanged at 114. Mr. Arscott's summary continues:

Among foodstuffs, increases were recorded for flour and cereals, meats and canned goods. In the clothing group, increases in the production of leather footwear, women's clothing, silks and rayons more than offset decreases in men's clothing and furnishings, hosiery and knitted goods. A general decline was shown in the pulp and paper group, including newsprint, pulp and bags. Greater activity in saw-mills and miscellaneous woodworking plants counterbalanced a slight decline in furniture, factories and planing mills.

The automotive group continued to decline for the third successive month, but the iron and steel trades recorded a moderate rise, structural steel in the heavy section and sheet metal products in the light group showing the greatest increases in output.

Our wage payroll index for July was 169 (1937-100) compared with 170 for June and 123 for July 1940. Moderate to slight increases were recorded in manufacturing, construction and transportation, but these were offset by similar decreases in mining and logging and a sharp seasonal decline in total trade payrolls.

Continued improvement in crop conditions throughout Central and Eastern Canada but further deterioration in the West summarizes agricultural developments of the past month.

Dodge Reports Higher Construction Contracts

Buildings and engineering contracts awarded during August 1941, totaled \$760,233,000 and were, according to F. W. Dodge Corporation, higher than for any other month recorded in its record of construction in 37 Eastern States. This dollar volume was 84% greater than the \$414,941,000 awarded in August, 1940, and 14% greater than the \$667,097,000 awarded in May, 1928, which was the previous highest month on record. An announcement issued by the Dodge Corp. Sept. 20, went on to say:

Residential building dollar volume of \$231,529,000 was 51% above August, 1940, and larger than any month since April, 1929. Non-residential building was, however, at a record high level of \$286,741,000, 141% above August, 1940, and 12% above its previously high month of June, 1928, when it had an award volume of \$255,901,000.

Commenting on the August record volume, Thomas S. Holden, president of F. W. Dodge Corporation said, "Peak levels of defense construction activity appear to be scheduled for continuance for some months to come."

"This year's record-breaking volume of industrial plant construction has been an important factor in the demand for critical materials; as the defense plant expansion program tapers off, which will happen at some stage, the critical supply situation with regard to vitally important building materials and equipment should be eased to a considerable extent."

Says Philosophy of Might Challenges Free Institutions; Greatest Threat to Insurance

Speaking before the National Association of Life Underwriters in Cincinnati on Sept. 18, Lewis W. Douglas, President of The Mutual Life Insurance Co. of New York, said that the spread of the philosophy of might which challenges all free institutions, represents the greatest single threat to the future of American life insurance.

"As trustees for the funds of millions of free Americans," he stated, "we in this business must oppose—at least understand—the evil forces that threaten the futures that our policyholders have so carefully planned and entrusted to our care." Mr. Douglas continued:

The houses we build will be built on the sands; the plans we make will be only fanciful hopes; and the protection we devise for our dependents will prove to be as fragile as an empty egg shell unless Hitler is defeated and, with him, the attempt to establish force as the only rule by which men everywhere must live and die. This is the most significant fact in the history of the modern world. This is the most significant fact in the history of our country. This is the most significant fact in the history of American life insurance.

Free men and free women associate themselves and a part of their resources together cooperatively to assure themselves and their beneficiaries against definable future uncertainties; and we are their servants. By this cooperative mechanism, entailing long and trusted commitments within a framework of law, at least some of the hazards of old age and of dependents can be eliminated, and want and fear reduced.

But life insurance would be restricted, if not in time made impossible, for men who might tomorrow be in the concentration camp, the disposal of whose resources was not free but dictated by the State; whose futures depend not on ability but on a tyrant's whim; who could make no certain commitments and trust none given them; whose associations could depend on no established law. The very mortality tables upon which our business rests would be undependable.

The great institution of life insurance is founded upon free-

dom, within the framework of free, Christian and peaceful society. Every policyholder has a stake in preserving its substance. Every policyholder has a stake in defeating any attempt to destroy it.

Warning his listeners that America would have to be strong if it wanted to continue enjoying the great freedoms that have been obliterated in other parts of the world, Mr. Douglas said, "We are still capable of continuing to enjoy them. We are still masters of our own soul—if only we will have the will to be. Therefore this threat, this challenge to the continued enjoyment of freedom, is the most momentous, significant challenge in the history of the Republic. It is more grave, it is more serious, it is more replete with unhappy implications than any other event, any other threat, any other menace in the span of our national life. It tests the stuff of which we are made—the depth of our faith—and the strength of our beliefs."

"The question that this country and every one of its citizens faces today," Mr. Douglas stated, "is whether this challenge will be met. Will it be met wherever and however necessary—in the factory, on the farm, on the sea, in the air, and on the battlefield? Do we believe enough in our way of life to fight for it?"

"To oppose this militant force of barbaric paganism," he said, "means a change in our lives to some degree—perhaps to a great degree—for some time—perhaps for a long time, because opposition to these forces of aggression and world dominion is no part-time affair. It means the mightiest effort in our history. But to submit either purposely or accidentally is to assure a change in our mode of life and living, which neither our children's children, nor their children's children will be able to escape."

Bank Auditors and Comptrollers

Annual Convention at Chicago Oct. 8-11

The 17th annual convention of the National Association of Bank Auditors and Comptrollers will be held Oct. 8 to 11 inclusive, at the Palmer House in Chicago. The meeting will be of historic significance since it was in Chicago that the association was founded in 1924. In the time which has elapsed since its founding the group has grown to 50

conferences located in the principal centers of the nation. The official staff is headed by National President Charles Z. Meyer, Comptroller of The First National Bank of Chicago, under whose leadership the association has made marked progress. Other officers are: First Vice President C. W. Borton, Assistant Vice-President, Irving Trust Co. of New York; Second Vice-President Othmar A. Waldow, Comptroller, National Bank of Detroit, Detroit, Mich.; Secretary Hugh E. Powers, Cashier, Lincoln Bank & Trust Co., Louisville, Ky.; Treasurer John C. Shea, Auditor, Whitney National Bank, New Orleans, La. The Managing Editor of its official publication "The National Auditgram" is D. R. Cochard, who is also in charge of the national headquarters at Cleveland, Ohio.

The program planned for the four-day meeting will afford op-

portunities to discuss current bank problems arising out of changing economic conditions, laws and regulations. Personnel problems caused by the national emergency and other legislation will be included. Speakers at the general sessions include men of prominence in banking, commerce and accounting fields. The featured speaker at the annual banquet will be Dr. Paul F. Cadman, Economist, the American Bankers Association. According to C. Edgar Johnson, Assistant Vice-President of The First National Bank of Chicago and General Convention Chairman, an attendance of over 500 auditors, comptrollers and other operating bank men representing every state in the union, are expected to register for this meeting.

National Ass'n Of Manufacturers Reports Significant Trends In Defense Operation

The National Association of Manufacturers, in a semi-annual interim statement on the progress of the United States' armaments program, reported on Sept. 15 several new trends in defense operations. The more significant among them related to the government's further intensification of demands for war material production and consequent development of both shortages and delays. According to the Association 98% of the reporting companies with defense contracts stated that production actually had started, showing improvement over the six month period. The Association also indicated that marked recent trends are:

1. Greater speed in delivery is being asked by government. While 25% of the companies reported in January that they had been asked to deliver before the specified contract date, 37% named that as a condition today.
2. Delays due to government causes have taken a sharp drop from 59% to 43%; the firms indicating that "other causes" were increasingly responsible.
 - a. Material shortage remains a strong factor in delayed production as shown in 75% of the replies. This figure, while varying during the half-year period, has been relatively constant.
 - b. Inability to get machine tools shows a deep curve downward in the early spring with a return to pressure for tools today. At the turn of the year, when demand for machine tools reached its peak, 63% labelled this factor a major cause of delay; a low in April of 22% has now been superseded by a figure approximating the original demand; 55% of the companies naming tools as a delay cause.
 - c. Labor disputes and demands for increased wages account for a larger percentage of obstructed production.
 - d. Miscellaneous causes of delay included negligible reports of transportation and fuel shortages. Sabotage is minimized by reporting companies.

3. The question of solution for material shortage delays brought continued stronger support for "strict government control as to delivery of materials to particular companies" during the six months period. Beginning at the turn of the year, with 16% of the reporting manufacturers declaring for tighter controls, succeeding months found the trend upping rapidly to the current figure of 31%. A greater percentage of manufacturers called for "improved government scheduling of production delivery dates."

4. A rapid decline in five and 5 1/2 day operations is revealed with an attendant trend toward the longer week. Sixty-seven percent of the companies are now operating on the six and seven day basis.
 - a. No unusual increases in the number of shifts being worked show up in the January to August report; 75% of the firms were on two or more shifts at the close of the year 1940. With slight monthly changes, the period closed at 75%.
 - b. A more marked change is noted in the weekly number of hours worked. A sharp decrease is shown in the 40-hour week group, the bulk of firms reporting workers are now employed 50-60 hours.

5. A greater need than ever for skilled labor is revealed. Presently, 54% of the employers need such labor; they state an acute shortage would be evident "if defense production were on a 24-hour, 7-day basis." About half of the companies stated deliveries could be "substantially expedited" by hiring additional employees.

Sees Trading in Commodity Futures As Continuing But Day of Speculation Past

In Chicago on Sept 10, J. M. Mehl, Chief of the Commodity Exchange Administration stated that "it may be assumed, I believe, that the institution of futures trading will continue in this country." Mr. Mehl went on to say that "it is too old and too soundly established as a pricing and insurance medium to be easily cast aside. However, it is fruitless to argue that the futures trading system is not subject to change. Our whole agricultural economy has changed. It will never be the same as it was 50 years ago, or ten years ago. This being true, it follows that we cannot go on with old patterns of thinking and planning. The whole machinery of marketing, including the futures markets, must be adjusted to fit the present as well as the future, insofar as we can see it." Mr. Mehl's remarks were made at a dinner, given by the Chicago Mercantile Exchange, for officials of the nation's organized commodity markets, leaders of organized agriculture and futures traders and brokers. In stating that "I do not believe that the Commodity Markets ever again will afford the opportunity for speculative adventure that they have in the past" Mr. Mehl continued in part:

The loan programs, quite aside from the fact that they have operated as minimum price guaranties, have also enabled farmers directly to carry a part of the risk load that formerly had to be assumed by speculators. This means a smaller volume of trading in some

commodities at the time these commodities are going under loan. But it does not affect the need for the futures markets for hedging purposes when the commodities again move back into commercial channels.

Now, it has been intimated by some who have felt the pinch of reduced volume, that rather than continue futures trading on a "starvation" basis it would be better to abandon temporarily the futures markets and make their need felt, so that when they come back they will come "full blown," without restrictions, and in the manner of the historical past. Responsible leadership in the trade will not subscribe to such a policy. Moreover, the agricultural interests of this country will not allow the hedging and price-basing utility of the futures markets to be abandoned in this manner and for such purposes. In this connection, I may tell you that serious-minded and practical-thinking men already have expressed to me their concern over the lack of volume in certain of the commodity futures markets and have suggested that the Government itself may have a responsibility to

provide some kind of substitute, if necessary. From Mr. Mehl's address we also quote:

If we could eliminate speculation in commodities by the simple process of eliminating futures trading, I would say "eliminate it." Unfortunately the problem is not that simple. Large risks are inherent in the production and distribution of farm products. Long production periods, uncertainties of weather, and other rapidly changing supply and demand factors inevitably create large risks and price uncertainties. The risk is there; it must be carried by someone. It gets down to a question of who will do it.

It seems to me that, theoretically at least, there is only one answer to that question. Let these large risks be broken up again into small parts. Let them be carried by competent and willing risk carriers through the medium of the futures market, under proper regulation and supervision. Make the rules so as to insure fair play and prevent abuses. Trading under such conditions probably affords the largest possible measure of competition in price making, and provides the surest protection against price making by private monopoly.

At the conclusion of his address, Mr. Mehl, by way of brief summary, said:

I may say again that agricultural as well as trade interests have a long-time interest in preserving the risk-bearing and price-basing functions of the future markets. Those interests should not be jeopardized by short-sighted trading policies during this emergency or by failure to recognize the changes which have occurred in our agricultural economy. The problems underlying the farm programs will remain after the war is over. The farm programs are flexible, but the objective is of a permanent nature—to secure stable agricultural marketing conditions and stable agricultural prices.

The exchanges have two difficult and seemingly paradoxical problems. They must prevent excessive speculation in certain commodities and at the time maintain the volume and liquidity necessary to meet legitimate hedging needs in all commodities. To render maximum service in this situation, and enjoy the highest degree of public confidence, the futures markets must seek a responsible and substantial class of risk carriers. The proposals made by the Commodity Exchange Administration are designed to help the markets make necessary adjustments and meet their outstanding problems. They have been made with the thought that the markets may remain open and continue to render service to agriculture, as well as to merchandising and industrial interests.

Tugwell Puerto Rican Gov.

Rexford Guy Tugwell took the oath of office as Governor of Puerto Rico on Sept. 19, and simultaneously resigned as Chancellor of the University of Puerto Rico. The oath as Governor was administered in San Juan by Emilio del Toro, Chief Justice of the Puerto Rican Supreme Court.

Mr. Tugwell was nominated for the Governorship by President Roosevelt on July 30, as noted in our issue of Aug. 2, page 635; reference to Senate approval of the nomination on Aug. 25, was made in our issue of Aug. 30, page 1218. Mr. Tugwell tendered his resignation as Chancellor of the University of Puerto Rico on Sept. 17, following criticism of an Executive Order issued by President Roosevelt allowing him to hold the two posts.

President Tells Legion Convention Threat To The Nation is Real Not Imaginary

In a message to the American Legion convention in Milwaukee, President Roosevelt said that the "threat to our national security and to our way of life is not imaginary but real" and that "this hazard can truly be appraised only when we appreciate the destruction, desolation and enslavement which have overtaken free people of other nations during recent years."

The President's message was delivered personally by Secretary of the Navy Frank Knox and read to the convention on Sept. 15 by National Commander Milo J. Warner.

Calling attention to the "very thoroughgoing effort for national defense," the President said its successful accomplishment requires "unity of purpose, unity of sentiment and a keen desire to make whatever sacrifices may be necessary."

The President's message follows in part.

My dear Commander Warner: I regret so much my inability to be with you in Milwaukee during the twenty-third national convention of the American Legion. Only the pressure of official business prevents my attendance. It is with pleasure, however, that I extend most cordial greetings to you and through you to all Legionnaires and members of the auxiliary who will be assembled at your convention.

Knowing of the keen interest manifested by the Legion in current and momentous events both at home and abroad, I need not remind you of the serious situation that is facing the world and

its possible effect on the future of our own country.

You who have served in our armed forces during time of war know best the stern realities of war and consequently would much prefer peace. However, you also well appreciate the danger in our not being fully prepared to meet any condition that may arise in world affairs. The threat to our national security and to our way of life is not imaginary but real. This hazard can truly be appraised only when we appreciate the destruction, desolation and enslavement which have overtaken free people of other nations during recent years.

Our nation throughout its existence has stood as a symbol of security and freedom. It is our constant aim and our controlling purpose that those priceless rights and privileges accruing to American citizenship may above all be preserved and protected. To that end, as you know, we are now engaged in a very thoroughgoing effort for national defense in order to meet adequately the steps being taken by aggressor nations. We all know that for the successful accomplishment of such a vast undertaking there must be unity of purpose, unity of sentiment, and a keen desire to make whatever sacrifices may be necessary in order to obtain our objective.

Tax Note Sales Higher

The Treasury Department reported on Sept. 11, that \$1,094,000,000 of tax-anticipation notes were sold during August and not \$1,037,000,000 as had been previously announced. It was explained that the higher figure was due to sales reports in transit which had not been included in the earlier report (referred to in our issue of Sept. 4, page 7). A breakdown of this total shows that corporations purchased \$1,028,000,000 of the tax notes, while individuals bought \$66,000,000 worth. All but \$3,703,000 of the corporation purchases were of the Series B-1943 notes, which earn about 0.48% a year, while \$50,000,000 of the individuals purchases were also of the Series B notes. The remainder was in Series A-1943 notes earning about 1.92% a year and designed for the smaller taxpayers. The amount of this latter series which is acceptable in payment of income taxes is limited to \$1,200 in any one tax year.

HOLC Now Centered in NY

The headquarters of the Home Owners Loan Corporation were officially transferred from Washington to New York City when on Sept. 22, the Corporation's staff reported for work at 2 Park Avenue with everything in readiness. Transfer of the Corporation's headquarters from Washington was necessitated by the expansion of defense agencies in the Capital. The Corporation's old quarters have been taken over by the Office of Production Management, the Office of Price Administration and the Office of Civilian Information.

The HOLC now occupies six floors of the 2 Park Avenue building, comprising about 150,000 square feet of space. The Federal Home Loan Bank Board will share part of the space, although it will also retain offices in Washington. Moving of the Corporation's effects required the use of freight cars and moving vans, and was completed in about a week.

Industrial Employment Up; Wages In Reverse

Employment and hourly earnings on the average increased in July in the 25 industries regularly surveyed by the Division of Industrial Economics of The Conference Board. Man hours worked totaled less, however, than in June, and payrolls averaged less.

The Board on Sept. 16 further said in part: Earnings thus declined, as did the amount they could buy. Weekly earnings averaged \$33.70 in July, as compared with \$34.26 in June. In July, 1940, they averaged \$28.16, and in July, 1939, \$26.64. The purchasing value of the dollars received (as expressed in terms of 1923 performance) dropped from 145.4 in June to 142.4 in July. The corresponding index number for July, 1940 is 123.9, and for July, 1939, is 118.9.

Although the average number of hours worked in the 25 industries decreased during July of this year, 17 of the industries actually recorded more man hours of production than in June. This means that in July fewer hours were worked in only the following industries: agricultural implement, automobile, Northern cotton, hosiery and knit goods, lumber and millwork, paint and varnish, rubber, and the "other product" category of the foundry and machine shop industry.

Contrary to the average trend, actual weekly earnings increased in 13 of the 25 industries. In ten of the 13, the wages increased more than the cost of living. This situation occurred in the boot and shoe, chemical, electrical manufacturing, furniture, hosiery and knit goods, paper and pulp, paper product, book and job printing, silk, and machine and machine tool industries. In the other 15 industries "real" weekly wages declined.

LEGAL ODDITIES

"John R. Brayden of Caribou Corner speaking. Buy me ten Allegash bonds for \$10,000 even money," the telephone message said.

"I can have them for you inside of an hour," the New York dealer agreed.

Two hours later another message came over the same telephone network.

John R. Brayden again. Allegash bonds ready?"

"Right on my desk," the dealer agreed.

"I am anxious to get delivery of those bonds to use them in New York today, and I would like you to deliver them to Henry R. Willard, whenever he calls for them. I have just deposited \$10,000 in the Caribou State Bank here with instructions to forward to you."

"If the bank confirms that I'll quickly make delivery," the dealer agreed.

Fifteen minutes later the third message came in.

"Caribou State Bank speaking. We are holding \$10,000 deposited by John R. Brayden to be forwarded to you," the message stated.

"I'd rather have a telegram to that effect," the dealer demurred.

"That's easily arranged," the bank agreed.

Five minutes later the telegraph operator at Caribou Corner answered the telephone.

"Caribou Corner State Bank speaking. Wire Bryan & Wilson, bond dealers, New York City, telling them that we are remitting \$10,000 on account of John R. Brayden," was the resulting message.

This wire reached the dealer in due course, Willard called for and received the Allegash bonds, the next day the genuine John R. Brayden appeared and the fraud was discovered.

"It is positively clear that the first telephone message was from you, but the others, including the one from the bank to the telegraph office in Caribou Corner, were forgeries, if there could be such a thing," the dealer declared.

"What do you intend to do about it?" Brayden queried.

"I'll deliver your bonds according to agreement and then sue the Telegraph Company for damages in accepting the telegram over the telephone," the dealer announced.

The dealer was as good as his word, sued the Telegraph Company in the Arkansas courts, the evidence showed that the Telegraph Office at Caribou Corner was outside the business section of the town and that outgoing telegrams were frequently telephoned to the office, and the Arkansas Supreme Court ruled that the Company was not liable.

"The exercise by the Telegraph Company of reasonable care to receive and transmit genuine authorized messages only, does not require it to investigate or ascertain the identity or authority of the person who tenders a message for transmission, whether it is in writing or spoken directly to the operator or is communicated to him by telephone," said the court.

"Yes, but that particular operator hadn't been at Caribou Corner long enough to be familiar with the voices of the regular telephone patrons, and should have investigated before sending my telegram," the dealer argued as a last resort, but the court overruled this contention as well.

"The question was not whether he made an investigation, but whether anything happened in connection with the transaction that required him to make an in-

Eccles Insists to House Committee Price Control Should Be Promptly Enacted

The statement that the price control bill "should be promptly enacted" was made by Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System at the hearing on the bill before the House Banking and Currency Committee on Sept. 29. Mr. Eccles, in presenting his views to the Committee stated that:

Whether or not you include within the terms of this bill a declaration of policy or discretion to deal with labor and farm prices, the fact is that you cannot leave wages and salaries which are the main factor in prices to rise indiscriminately and be realistic about preventing inflation. You cannot, in my judgment, realistically put a high-level floor under farm prices and no ceiling.

In his appearance before the Committee Mr. Eccles made it plain that he was expressing his personal views "as to the part that price control has to play in any adequate Government program for dealing with price inflation."

He outlined "the framework, as I see it, into which the pending bill fits as a part of a broad, integrated Government plan to deal with inflation" saying in part:

You are all aware that price inflation threatens to develop with accelerating rapidity because our vast defense expenditures are putting buying power into the hands of the public at a faster rate than goods can be turned out to satisfy both the increasing civilian demand as well as our expanding defense requirements. We know that this condition is bound to become increasingly acute as more and more of our productive capacity is devoted, as it must be, to supplying defense rather than civilian requirements. There is no need to remind this Committee of the consequences of an uncontrolled inflation. You are fully cognizant of its ruinous effects upon the entire economy and particularly upon labor, the farmers and the great mass of our working population, or is it necessary to emphasize to you that the first line of attack upon the problem is to increase production to the greatest possible extent.

That is why it is so urgent, in the national interest, that we utilize all of our productive machinery, the smallest as well as the largest units, and all of our available man power in producing continuously first for defense, because our national safety depends upon it, and secondarily for civilian needs. For this reason industrial strife, and the attempt to settle disputes by the methods of lockouts and strikes, are intolerable in times of national peril.

We have got to realize, far more than we do as yet, that we must be prepared to postpone buying of civilian goods which cannot be produced in sufficient quantity at this time to meet the rising demand. When the emergency is over and production can again be turned to supplying civilian wants the deferred demand will be an important factor in offsetting a post-defense slump.

For the present, however, the most important aim of public policy on the economic front, next to procuring maximum production, is to dampen civilian demand for goods which cannot be produced in sufficient quantities.

The operator had been in the habit of receiving such messages from the officers of the bank, and in the absence of suspicious facts or circumstances in connection with the matter the telegraph company was not guilty of any negligence, and was not liable," said the court on this point.

We cannot leave this to chance or to voluntary action on the part of the buying public. The inescapable result of letting the situation take care of itself would be a price inflation of staggering proportions and demoralizing effects upon our economic system. The situation can only be dealt with effectively by a coordinated and comprehensive series of Government measures of which the bill you are considering is an essential, integral part.

The means available to the Government for dealing with the problem fall into two broad categories—general over-all or broad functional controls on the one hand and selective controls on the other. Taxation, fiscal and monetary policy belong in the category of over-all, functional controls. Price-fixing, priorities, regulation of consumer credit, are necessary, supplemental controls that are selective in character.

It has been my view for a good many years that in formulating and carrying out Government economic policy to deal with either inflation or deflation we should rely first of all upon the broad, over-all functional controls. They operate on the economy as a whole, indirectly rather than directly; they are in keeping with democratic processes and give private enterprise and initiative the fullest possible scope consistent with the general welfare; they serve to create a climate favorable or unfavorable, as conditions may require, for expansion or contraction. They are our main reliance now, and I believe properly so. But they are not enough. They need to be supplemented by such direct measures as are necessary to reach conditions arising from shortages. The pending bill is the most important measure of direct control, and should in my judgment be sufficiently broad and flexible to allow for wide administrative discretion in dealing with future contingencies.

The point that I desire to emphasize, however, is that the economic area to which we must apply direct controls depends in large part upon how promptly and effectively we use the functional measures to draw off buying power—and at the same time help pay for defense. If Congress fails to enact adequate tax legislation, particularly corporate and individual income taxes, as well as excise taxes on scarcity goods; if we leave the credit doors wide open, so that bank credit and consumer credit continue to expand, if our people indulge in buying sprees instead of conserving their funds—and there is no better way than by subscribing to defense bonds—then the only alternative is to widen continually the area to which direct controls must be applied if we are to avoid a ruinous inflation. Such controls as are proposed in the bill before you are vitally necessary to reach scarcity conditions, if prices of civilian goods and the costs of defense are to be held within reasonable bounds.

I am fully in accord with the objectives of taxation policy which the Secretary of the Treasury declared when he presented his tax program to Congress; I believe that the Government program for dealing with inflation approaches the problem from the right end—though we

have done too little too late so far. I do not believe that we should approach the problem from the other end by blanketing the economy with direct controls, first, and applying over-all, functional controls secondarily. I see no good reason for attempting the impossible task of repealing the law of supply and demand altogether, of undertaking to police not merely those prices which have to be policed because of scarcities but all prices, the bulk of which do not need to be policed. I would leave the problem of how far price control should go in the hands of one administrator, giving him ample jurisdiction and discretion.

In noting that Mr. Eccles, in his prepared statement told the Committee that he was fully in accord with the objectives of the taxation policy of Secretary Morgenthau, the Associated Press stated on Sept. 29 that he (Mr. Eccles) did not explain, however, whether he was referring to the recently enacted tax law or to Mr. Morgenthau's later proposal for limitation of all corporate profits to 6% for the duration of the emergency. According to the same advices (Associated Press) Mr. Eccles said there might be justification for placing in effect temporarily a 48-hour week instead of the present 40-hour week required of industries operating in interstate commerce. In the same accounts it was pointed out that Mr. Eccles' view that wages and salaries should be controlled during the present emergency coincide with that of Bernard M. Baruch, world war head of the War Industries Board, and a recent witness before the Committee, while Price Administrator Leon Henderson, has consistently opposed their inclusion in the price control bill. Mr. Eccles in response to a request by Chairman Steagall, (Democrat) of Alabama, for a specific plan for controlling wages, suggested on Sept. 29 (we quote from the Associated Press) that a centralized labor organization be created to work out with the Government a nation-wide schedule of "prevailing wages" for the duration of the emergency. The press advices added:

Asserting that one of the difficulties in dealing with the labor problem was the great decentralization of its own organization, Mr. Eccles said:

"I'm wondering if, in the interest of labor, a greater centraliza-

tion of labor organizations could be accomplished so that the Government could work out with that agency a schedule of prevailing wages which would be a base until there was justification for a change.

"Today there is no yardstick, no pattern. The situation is more or less chaotic."

At the Committee's session on Sept. 30 Mr. Eccles was again accorded a hearing, at which time he is reported as stating that the action of the Board of Governors of the Reserve System on Sept. 23, in increasing the reserve requirements of the member banks to the statutory limit, effective Nov. 1, has had no effect in checking inflation, and that the Board should be given power to increase them further. As to this, advices to the New York "Journal of Commerce" from its Washington bureau on Sept. 30 said:

In discussing powers of the Federal Reserve Board to curb inflation, Mr. Eccles said that any person who believes that the Board has the power to maintain a price level is "100% misinformed." The Board can create a tight money situation and affect the interest rates but it cannot maintain a stipulated price level, he asserted.

The increase in reserve requirements ordered last week, he added, had no effect either on prices or tightening credit.

"But you think you should have additional powers to increase reserves?" Representative Spence asked.

"Yes," Mr. Eccles replied.

"Why, if the increase had no effect?" Mr. Spence continued.

"The volume of excess reserves was so great before the additional requirement was imposed that it had no effect," Mr. Eccles said. "Before the action was taken the excess was around \$5,000,000,000 and after the order it was around \$4,000,000,000. The reserves are about twice as high as they were when Congress gave the Board the original power to raise reserve requirements."

Mr. Eccles said that the most important over-all functional control of price inflation is taxation. He urged, however, that some form of deferred income payment plan, such as using the social security system for that purpose, also be provided. He also said that he did not favor a flat limitation on profits, but thought that the best way to curb excessive profits was by taxation.

IN THIS SECTION

(Continued from Page 401)

Wage earners work seven hours less per week than in 1929, according to Conference Board. Page 413

Export copper higher—full priority control for copper and brass seen. Page 408

Electric output during week ended Sept. 27 totaled 3,233,278,000 kwh. Page 406

Car loadings during week ended Sept. 20 totaled 907,969 cars, an increase of 11.6% over year ago. Page 405

Lumber production in week ended Sept. 20 totals 281,860,000 board feet. Page 411

Bituminous coal production totaled 9,930,000 net tons in week ended Sept. 20; anthracite output declined to 1,141,000 tons. Page 407

Price control bill endorsed by M. S. Eccles of reserve system—would control wages—favors increase in reserve requirements— Page 416

Steel production again up. Page 406

Bond prices down slightly. Page 408