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Morgenthau's Corporation Profits Proposal Finds Many Opponents

The proposal, made by Secretary of the Treasury Morgenthau on Sept. 24 that corporation profits be limited to 6% during the present emergency, has brought opposition this week from various quarters. Mr. Morgenthau's suggestion was made on Sept. 24 at the hearing before the House Banking and Currency Committee on the Administration's price control bill. The hearings were resumed by the Committee on Sept. 17 after a month's recess. According to United Press advices from Washington Sept. 25, Senate and House tax authorities predicted privately on Sept. 25 that Congress would reject the proposal. The same advices said:

Members of the Senate Finance and House Ways and Means Committees said they saw no reason why Congress now should reverse the position it took on the recently enacted $3,553,400,000 defense revenue program.

They recalled that both chambers had rejected Treasury demands that the average earnings method of computing excess profits be scuttled, and that all corporations be required to pay the excess profits rates on all earnings in excess of 8% of their capitalization.

Mr. Roosevelt had sought in vain to have the rejected Treasury program reconsidered.

Senator Vandenberg (Rep. of Mich.) was one of those who voiced his opposition (on Sept. 30) to Secretary Morgenthau's proposal, and he is reported as terming it "an attempt by indirection to repeal the capitalistic system." The Associated Press reports that Senator Vandenberg, a member of the Senate Finance Committee, declared that there was "not a semblance of justification" to the 6% profit ceiling, and he took particular exception to Mr. Morgenthau's recommendation that profits be computed on the basis of invested capital. The Associated Press added:

"The invested capital method is not the sole measure of profits in this country and Congress has consistently refused to take an unrealistic view of the situation," Mr. Vandenberg told reporters. "There is not a chance that it will reverse its position now.

"If war profits are not being recaptured, there are ways and means of recapturing them. It is not necessary to tear up fundamental economic principles to do it."

Senator George, of Georgia, Chairman of the Senate Finance Committee, previously has expressed opposition to the Morgenthau proposal, but Senator Nye, Republican, of North Dakota, a consistent opponent of administration foreign policies, has given it qualified support.

Donald M. Nelson, executive head of the Supply Priorities and Allocations Board, told the House Banking Committee on Sept. 27 that he was not in agreement with Mr. Morgenthau as to his suggestion. The Washington correspondent of the New York "Journal of Commerce," Ralph L. Cherry, in reporting Mr. Nelson's views, said:

Mr. Nelson told the committee that adoption of such proposal would threaten expansion of the national defense program and be a retarding influence to the vigorous efforts now being made to expand production to meet not only defense but consumer needs.

His statement, the most damaging that has been voiced

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FROM WASHINGTON AHEAD OF THE NEWS

A few weeks' operations of Floyd Odlum's set-up to "save small industry" makes it quite clear that the emphasis is not to be so much on saving "small industry" as satisfying the labor leaders. Here is the way the set-up works: Leon Henderson advises the labor division of the OPM when and how much such industries as electrical refrigeration, for example, are to be cut. The labor division thereupon makes a survey of the number of workers involved and what it is thought they can do in a defense industry — with training or without. The labor division then certifies it findings to Odlum. If a "distressed" community is declared, the Army, Navy and other procurement agencies are supposed to get a defense award there promptly, regardless of the costs. A "distressed" community is one in which its economy turns around an industry which is being cut off from its raw materials.

This is the ordinary procedure in which cases are brought to Odlum so it can be seen that the emphasis is on organized labor. Now, of course, there are other ways in which his attention can be called to a situation: grumbling Congressmen and local civic bodies. But they have ten strikes on them if the labor leaders have not originated it. If a Congressman or a civic body complains, then it is the problem of a manufacturer. The indications are pretty plain that the "organized labor situation" must be involved.

As of today the labor division has certified eight "problem" or "distressed" communities, and of these only one has been treated under the new regime. It is the

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GENERAL CONTENTS

Editorial—

Apres le Deluge

New Deal managers have always been great planners—on paper. Their plans have as a rule had even worse fortune than the "best laid schemes of mice and men" which the poet tells us "gang aft agley," but they like to think of themselves as planners, par excellence, and not infrequently bob up at critical political moments with an assertion that some current development which appears to them to be good eventuated, not by chance, but because they "planned it that way." For some time past while they have been struggling in vain to bring their defense plans to real fruition, they have been letting it be known that they had plans, very definite plans, to make our business mechanism work smoothly and well during the transition period which, of course, must follow the current deluge of unprecedented armament outlays.

Probably nowhere in the whole range of New Deal nonsense have lack of real understanding of the economic system and a greater measure of Alice-in-Wonderland dreams appeared than in the programs being formulated for this purpose. Long ago the Administration began to draw up blue prints for vast unproductive expenditures during that future period, and to lay them carefully upon the shelf to be taken down and dusted off when the proper moment arrived. No more thought than in the past has been given or is being given to the problem of finding the funds for such projects, and no one has taken the trouble to inquire what would be done when this planned orgy of further foolish outlays has been completed. Such considerations as these are, as usual, being conveniently left for the future.

Some weeks ago Washington dispatches frequently quoted officials as urging the rank and file to save their funds now, and lend them to the Government to finance the armament program in the confident belief that they could withdraw them promptly after the defense program—and war, if and when we admittedly enter it, is over and create or preserve prosperity by then spending them for whatever goods they wish. Professor Keynes of London, who came to

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From Washington

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aluminum ware industry of Manitowoc, Wis. At Odlum's first press conference, some three weeks ago, an Army officer, by way of showing the cooperation which the Army was giving to the new order, announced that just that day, an award of $2,000,000 for mess kits given to one manufacturer, had been redistributed over six firms. Of this, it is learned, Manitowoc got the largest hunk of about $1,000,000; New Kensington, Pa., which was not a "distressed" area, got some, and the remainder was spread over four other concerns.

The point is that this "relief" of Manitowoc cannot be properly applied to Odlum's set-up. It was just something the Army did, and parenthetically, some reporters asked what in the name of heavens, was the Army buying $2,000,000 worth of mess kits for—about 6,000,000 mess kits which are all aluminum.

Since then, nothing has been arranged for any of the other "distressed" areas, which the labor division won't make public, but which have been discussed as Evansville, Ind.; Meadville, Pa.; Kenosha-Racine, Wis.; Newton, Iowa, places in Ohio and New England. Mostly discussed have been electrical supplies and washing machines industries.

Any way you want to look at it, the new set-up is not a likely one by which a small harassed manufacturer can easily tune in on the defense expenditures. This correspondent was a little amazed when, over a period of two weeks, and by way of seeking information about the new set-up, he could find no knowledge among Odlum's associates of the Walsh-Healy Act.

"What plans have you made to get around or deal with that," he would ask.

Invariably, his answer would be:

"The what."

Manifestly, this would not be a problem of Odlum's set-up so long as the cases originated with the labor division, but strangely enough, in the zeal of these fellows over the new approach, there was a complete oversight of this Act. Finally, one day, I ran into an unusually intelligent fellow, in the Labor Division, and putting my question, he exclaimed:

"My God, I hadn't thought of that."

He immediately called six persons in his division and the result was a hasty conference of lawyers.

One of the outstanding stories of Washington today is the eclipse of those famous New Deal reforming vehicles, the Securities and Exchange Commission and the National Labor Relations Board. They were the two prime vehicles of the "Revolution." From the SEC, Bill Douglas sprung to the Supreme Court; Jerome Frank to the security of a Federal judgeship, and Leon Henderson to be price fixer and one of the most powerful men in Washington. The SEC was the instrument by which the New Dealers in 1938, through the Temporary National Economic Committee, drove hard against the capitalistic system. But its shining lights have all been fixed up; they have jobs of newer prominence. They aren't concerned about the SEC any more. The present members don't get the headlines. Little attention is paid to the agency. It means, that their decisions should be more judicial and not with a view to page one in the papers, which ought to be a big help to the financial community.

In the case of the NLRB, it is a pity that with its present membership it doesn't prevail more than it does. It was set up to administer the Wagner Labor Act which fundamentally was designed to guarantee a man his right to join a labor union. But the record is quite clear that the communist and fellow traveller influences on the board aborted it to carry on a class war and to build up the C. I. O. against the A. F. of L. Now it is a decent, well regulated board but its functions are being largely taken over by the National Mediation Board on which are such conservatives as Eugene Meyer, publisher of the Washington Post. But business men on a board like this have a holy horror of being charged with "holding up national defense," a rather indefinite phrase, and the result is that the board's decisions have advanced the closed shop movement in this country, to say nothing of granting nearly every demand for an increase that is submitted. The result is that every labor leader considers he is negligent if he doesn't make a demand, threaten to strike, and get it before the Mediation Board. Labor leaders have long known that such Mediation Boards with business men on them, are suckers. The business man is trying to be "patriotic" (his money is not concerned); the labor leaders have constituencies to answer to.

Editorial—

Oppression

During the last three or four weeks there has been a strike in progress among the anthracite workers of Pennsylvania, to which ardent believers in human rights and in the civil liberties supposed to be guaranteed in the United States ought to give more attention than it seems to be receiving.

The miners who are on strike are members of the United Mine Workers of America, a labor organization of which John L. Lewis is the titular chieftain and, at least until the development of the present controversy, were in good and regular standing as supporters of that rich and powerful body. They have no controversy with the mine operators by whom they have been employed, although they are acting in negation of their contracts of employment. They are not striking to obtain higher rates of remuneration or to resist reductions in the wages which they have been receiving; they are not asking for more favorable working conditions nor, indeed, for any modifications in those presently existing; in short, as between themselves and their employers there are absolutely no differences: they have no grievances as employees; as such, they are in no way dissatisfied; they are asking nothing which their employers have retained the power to concede without risk of being charged with violation of collective bargains in which both sides have heretofore acquiesced, however unwillingly the employers.

This anomalous interruption of mining has, in fact, arisen because the miners are dissatisfied with the management and methods of their own labor organization. They look upon the pecuniary demands made upon them, by John L. Lewis and his minions and cohorts in the direction of the United Mine Workers, as unreasonable and excessive beyond warrant or even plausible defense, and they find themselves so conditioned and hampered by past agreements which they enabled their leaders, in the interest of the continuation of their own leadership—and nothing else—to force upon the owners and managers of the mines, that they could determine upon no means of self-protection short of resort to the powerful and costly weapon of the strike.

Although the collieries affected are located within a small portion of the whole anthracite producing area and have no more than 30,000 employees, the spirit of revolt against the course of the Union's leadership by which the strikers have been actuated, appears to be widespread; and, unless an early settlement is effected, idleness and suspended production seem likely to become much more extensive, possibly spreading throughout the entire region. Meanwhile the employers, whose capital and markets are involved and threatened, and the consuming public which is soon to face conditions requiring reliance upon greater utilization of household fuel, appear to have no alternative except to watch without intervention, but with profound interest, proceedings which they are impotent to influence or to control.

It has all happened because some years ago the union leaders, finding that the interest of many of their members was growing slack and that the inflow of revenue from dues, fines and assessments threatened to become insufficient to meet with their desires and requirements, were enabled, as an incident to the settlement of more real differences between the workers and the operators, to insinuate in the ultimate agreements, provisions requiring the employers to deduct moneys claimed to be due to the labor union from their wage payments to the individual employees, turning the sums thus exacted over to the union officers. This system, under which the operators have become agents with

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Editorial—

Canada Remains Sane

For relief from the perfervid debate as to war and taxation on our own side of the border, it is well to consider the relatively quiet and sane procedure of our northern neighbor, Canada. The Canadians are active participants in the raging European war. They have no illusions about the requirements of such participation. But they also manage somehow to keep their balance and conduct their affairs with a due sense of proportion.

Those of our officials in Washington who call loudly and in a panicky fashion for all sorts of monstrous absurdities might well ponder the Ottawa course. Although we are not technically at war, proposals are advanced by Administration spokesmen which probably would occasion a prompt governmental overturn if the same hazy notions were officially advocated in Canada.

The controls and restrictions on our own side already exceed in some important respects those applied in the far grimmer war atmosphere of our neighbor. The Canadians are blessed in not having a Secretary Morgenthau to propose confiscation of all corporate profits over 6% of original capital. They are financing their very heavy relative war costs with some regard to the future, and to the long-term realities of international affairs. Ottawa is far more likely to modify inflationary phenomena than Washington, because Ottawa is serious about it and does not press against one group while letting another run away with the price level.

Especially instructive is the Canadian procedure respecting corporate profits in this time of war. Soon after war was declared the Canadians enacted legislation designed to keep corporate profits at a reasonable level and prevent profiteering from emergency requirements. Such laws proved effective and little change has proven necessary as the conflict continued.

As amended this year the Canadian regulations call for a corporate income tax of 18% for companies presenting non-consolidated statements and 20% for those utilizing the consolidated statement form. The excess profits tax is either 22% of net profits before income taxes, or 75% of the excess over "standard" rates of earnings after income taxes, whichever is greater. For the purpose of determining such standard earnings the average profits of three years out of the four-year period 1936 to 1939 are the gauge.

This is heavy taxation, of course, but it also affords some scope for continuance of enterprise and initiative, and of the profits which might be regarded as normal to the Canadian corporations. In practice the plan has worked with exceptional ease and equality. Available reports of Canadian corporate earnings in the first half of this year show a scale of profits just a shade under those of the similar period of last year. They are comparable with pre-war earnings, and insure a Canadian war effort that is undisturbed by apprehensions of complete confiscation on possible considerations of a political nature foreign to Canada.

The general Canadian budget also reflects forethought and reasonable attention to the eventual outcome of the economic turmoil of these times. Ottawa displays no such disregard of financial considerations as any observer can note in Washington. All the less likely will be the post-war realization in Canada that the military victory was a Pyrrhic one on the economic side.

The Canadian debt is advancing, to be sure, in accordance with the gigantic war effort put forth. But the increase in the net debt promises to be much less, on a per capita basis, than that of the United States. Ottawa now is following the Washington practice of repatriating the immense United Kingdom holdings of Canadian securities, in offset for supplies furnished to England. This is mere common financial sense.

By agreement with the United States, war efforts in Canada are augmented through a flow of lend-lease wares from the United States through the Canadian industrial machinery to the war front in Europe. But Canada is not a lend-lease beneficiary on her own account, but continues instead to pay cash in U. S. dollars for her own requirements.

There has been some criticism within the United States of the Canadian war effort. Such criticisms usually are snap-judgments or are based on inadequate information. A comparison of the sensible Canadian procedure with the outrageous performances in the United States might, indeed, seem to make Canada laggard, but deeds count more than wordy vaporings in the present situation. Far from asking Canada to take a leaf from the United States, our own authorities might be better advised to import a little Canadian sanity.

Editorial—

Oppression

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singular power to enforce payments in which they are not interested from employees by whom they would not otherwise be made, has come to be known as the "check-off." Under its operation, the United Mine Workers has become an exceedingly wealthy organization, of which men of a certain recognizable type may be well pleased to become officers, drawing from its large and usually submissive membership the huge funds that, in 1936 and before he ceased to be a supporter of President Roosevelt, were utilized by John L. Lewis to make up the organization's half-million dollar contribution to the former's campaign for re-election, and that supply pecuniary implementation for the advancement of many other political ambitions and adventures, not visibly relate to any interest of the miners, as well as for the continuance of the struggle of the Congress of Industrial Organizations to destroy the American Federation of Labor and the better class of independent labor organizations and unaffiliated unions—all of them long its seniors in the American labor field.

With this un-American and undemocratic system in force and available as their instrument, the union leaders, claiming control of the industry, believed themselves to be safe in increasing their pretentions for pecuniary support and proceeded to arrange for additional exactions amounting to $10.00 per year from every employee in the Anthracite Region of Pennsylvania—enough to produce an aggregate annual increment of revenue of not less than $1,000,000. To the miners, none of whom the union leaders will admit to be overpaid, this additional burden proved to be the last straw and sufficient to drive them to desperate resistance. Unable to effect withdrawal of the demand by action within the organization, in which the membership composed of anthracite miners has almost no influence at all, they finally determined to strike. A belated effort at compromise, apparently offering little to the miners, brought John L. Lewis scurrying into the region, but his persuasions were ineffectual, and at last accounts the strike seemed to be gaining adherents.

As a weapon of coercion, the check-off is highly potent and it ought to be intolerable in a country which believes in the liberty of the individual and in the worth and dignity of independent and self-reliant manhood. No group of workers would submit to their employers' undertaking the collection of indebtedness incurred by them as individuals on account of anything other than the support of their minors, and there is no excuse for making an exception in the case of the check-off, except the cupidity of labor leaders, the certainty that many workers would cease to pay unless coerced, and the determination of the leaders to perpetuate the organization and resources essential to their own support, no matter how indefensible and oppressive the means to which they have had to resort. No employer ever participated in this form of aggressive oppression against his employees, save under extreme duress and when reluctantly convinced that his consent had been the sole alternative to incalculable losses in interruptions of work and continued adverse activities of disgruntled and unscrupulous leaders. No mechanism for oppression could be conceived within the most daring and cynical brain that would exceed in potency the combination of the incorporated employer and the great and far-flung organization extending throughout all the coal fields of the United States, against the solitary individual who, after toiling day after day in the bowels of the earth, has ultimately determined that he has better use for his earnings than to contribute further sums to the support of leaders whose activities—so far as he is cognizant of them—are largely political and in no visible or demonstrable manner contributive to his welfare.

The surprising thing is not that miners in Northeastern Pennsylvania have revolted by striking against the intolerable check-off, but that for so long a period the people of this country, including the workers whom it has victimized and oppressed, have allowed themselves silently and without protest to witness the development and extension of that brutal device of selfish leadership. Collective bargaining, on behalf of employees who feel themselves so conditioned or situated as properly to be benefitted by an artificial solidarity with all or part of their co-workers, may be an excellent thing—at least its propriety as a voluntary expedient open to all workers choosing to unite for that purpose, is not at this time debatable. But to coerce any worker into involuntary and grudging submission to representation by any organization, is a denial of that fundamental right of manhood, without which there can be nothing of genuine independence and none of the realities of freedom. The check-off is simply one of the crudest and most indefensible of the oppressive weapons by which attempts to give effect to such intolerable coercion has been implemented.

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Apres le Deluge

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this country at about that time gave the general idea considerable impetus by telling about British methods of war financing which had some such purpose. Precisely how the Government would manage to return such funds after the deluge precisely at a time when, according to plan, it would be raising and spending billions in "made-work" schemes, no one has taken the trouble to explain—not even Professor Keynes.

The latest scheme which the Washington dreamers have been able to conjure up, or one of them, partly at least for the purpose of "easing us over" the dreaded transition period after armament and/or war, takes the form of a further vast extension and enlargement of the so-called social security program. Here again no one takes the trouble to explain precisely how the alleged "$5,000,000,000 pool of funds" would be created in the manner suggested, or if it were created, how it would be possible to draw upon it when required without initiating a period of large scale inflation by Treasury bank borrowing. The fiction persists that payments made by employers and employees are placed in some sort of vault or "fund" from which they can be drawn at will, but it is nothing more than fiction.

What has been happening is that these funds, after transfer hither and yon on the books of the Treasury, find their way into the general fund of the Treasury whence they move out to meet ordinary New Deal profligate bills. What would happen if the scheme were extended and enlarged as planned to "aid defense," etc., would be that the funds would go to build tanks, ships, guns, planes and the rest, none of which are wealth-producing machines. When the war is over or when we drastically reduce our armament production, we shall be the poorer, not the richer, for such efforts. The individual who has claims upon the Government as a result of the social security payments will theoretically be in a position, it is true, to draw on the Treasury and buy what he wants—but where will the Treasury obtain the funds to meet such claims? Obviously only by further taxation or by borrowing either from the people or the banks—almost certainly from the latter.

The sooner we all are able to rid ourselves of the supposition that the people as a whole can by so simple a means as "laying aside" funds in a governmentally managed central "pool" really protect themselves against the future, the better off all of us will be. It is, of course, all to easy to fall into the fateful error of supposing that what an individual as an individual can do in such matters the people as a whole can do. So easy is it that the politicians and the professional dreamers have not yet had much difficulty in capitalizing upon such fuzzy thinking on the part of the masses. The fact is, however, that whatever may be said of "funds," "pools," and all the rest, the Government of the United States, now or at any other time, has—apart from relatively small assets it has latterly acquired in one way or another—no way of making claims against it good except by taking the necessary funds from the people themselves. If the average man could be persuaded to bear this simple truth in mind at all times, a considerable part of the popular appeal panaceas always have would fortunately vanish.

Our Reporter On "Governments"

What do the bankers of the United States—the men who have absorbed 46 per cent of the public debt increase in the last seven years, the holders of the largest percentage of tax-exempt securities outstanding—think of the outlook for Government bonds? . . . What do the present and potential buyers of the issues of Federal, State and local governments think they'll be asked to do during the coming years of emergency? . . . How do they feel about (1) the movements of interest rates; (2) the future of commercial loans; (3) the excess reserves situation; (4) the stability of their portfolios? . . .

Last week, the American Bankers Association held its 67th annual convention in Chicago. . . . More than 4,000 bankers from every State and city in the nation were present to hear addresses by the Secretary of the Treasury, by bond experts and authorities on monetary trends. . . . A survey of opinion was made at that convention on the subject of Government bond trends and following is a capsulized report on that survey. . . .

In brief

To brief the results at the start, here are some of the predictions:

(1) The commercial bankers of America will be called upon to increase their portfolios of direct Governments and guaranteed issues by 50 to 100 per cent in the next five or so years. . . .

(2) Unless a drastic revision is made in the Treasury's policy for selling defense bonds, the commercial banks will continue the major mainstay of the Treasury in the financing of defense and will have to support the Treasury in its financing deals throughout each coming year. . . .

(3) As long as this situation exists, an important change in the trend of money rates seems highly unlikely, for the simple reason that the Treasury can't afford to lose the banks' confidence or to undermine their willingness to over-subscribe each new offering of bonds or notes. . . .

(4) Perhaps there will be minor swings — 3 or 4 point swings being considered minor—over the next 12 months, but any large-scale selling of bonds by banks or any large-scale trading must be dismissed as improbable. . . .

(5) The Federal Reserve Board will ask for—and probably will get—additional authority to raise bank reserve requirements and then will use that power to cut surplus funds of the nation's banks to much below the present level. . . .

(6) This may be uncomfortable but the banks approve of the step because it is an anti-inflation device. . . .

(7) Commercial loans may continue rising for a while, but the big percentage gains have been seen. From this point on, the advance will be more gradual and then some stabilization is to be expected. . . .

(8) Tax-exempt bonds still are the best things to hold, even though the premiums on the issues are high. The taxable part of the portfolio may be built up through purchases of new offerings. . . .

(9) The great essential for protection of a portfolio at this moment is a rigid, all-inclusive amortization program. . . .

Debt Gains

A chapter could be written on each one of those nine points, of course, but that is unnecessary. The comments speak for themselves and they say that the commercial bankers, at least, expect little change in their responsibility toward the Treasury Department and in their investment policies under this Administration during the coming year. . . . And that forecast is made by them after considerable thought and argument. . . .

The intriguing angle about the debt increase prediction, incidentally, is that the bankers disapprove of the trend heartily, believe it could be shifted and improved somewhat by a better managed defense bond sale, but admit in the same breath that the chances of such revision are slight. . . . There's no question in any banker's mind concerning the outlook for a bigger and bigger national debt, of course. . . . But there is considerable question about whether the increase should be placed with the banks. . . . For the inflationary implications of continued heavy sales of Government bonds to the banks are so obvious as to need no explanation. . . .

However, a sampling of opinion disclosed beyond any doubt that the bankers believe the Treasury will not be able to sell enough defense bonds to the general public to eliminate the necessity of intermittent demands on the commercial banks. . . . Even if the defense bond sale could be made to yield sufficient cash to pay for half of the defense program, the Treasury wouldn't consent to the "pressure" tactics essential to that accomplishment. . . .

Which all comes down to the point that the bankers expect their bond portfolios to continue to mount rapidly in the coming years. . . .

Defense Bond Sale

As far as the defense bond sale is concerned, there is every indication that the Treasury soon will

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Morgenthau's Idea Finds Many Opponents

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against the proposal thus far by men in key Government positions, came only a few hours after Chairman Doughton (Dem., N. C.) of the Ways and Means Committee let it be known that he was against the proposal.

Speaking from Sparton, N. C., where he is spending a few days to rest during the inactive period of Congress, Chairman Doughton warned that the Morgenthau scheme "might have a very serious effect on our economy," and that Congress should move slowly in putting any such proposal into effect.

Mr. Doughton said that he though it would be "very regrettable" to have another fight over the question of limiting corporations to the invested capital method of computing their excess profits, and predicted that the proposal would be rejected by his committee as it has been twice before in the past.

He added that his committee would begin consideration of the proposed administrative tax bill later this year but he was doubtful whether any consideration would be given to the Morgenthau proposal at that time.

At the hearing of the House Banking and Currency Committee on Sept. 18, on the price control bill, Leon Henderson, head of the Office of Price Administration, made his eleventh appearance before the group and renewed his appeal for early action on the measure by Congress.

On the following day (Sept. 19) Bernard M. Baruch, who was Chairman of the War Industries Board during the World War, testified before the Committee urging that a ceiling be put over the whole price structure, including wages, rents and farm prices. Saying he was in agreement with the bill's objective, regarding it as the "greatest single necessity of our present crisis," Mr. Baruch contended that the legislation is "piecemeal." His two main points of disagreement with the bill were:

1. I don't believe in piecemeal price fixing. I think you have first to put a ceiling over the whole price structure, including wages, rents and farm prices, up to the parity level, and no higher, and then to adjust separate price schedules upward separately, if necessary, where justice or governmental policy so requires.

2. I don't believe that you can treat price control as a separate effort. It must be intimately tied up and move in step with all other war controls, wage and rent controls, priorities, conservation, commandeering, war trade, war finance and so forth. They are like the fingers on a hand. Without all together, the job can't be done satisfactrily.

From Associated Press accounts from Washington Sept. 19 we take the following regarding Mr. Baruch's testimony:

In advocating a single administrator for the proposed law, Mr. Baruch differed with legislators who have been advocating a board of several members to do the job. Some of them privately had based their support of such a plan on their opposition to Leon Henderson, head of the Office of Price Administration, who is regarded as the most likely choice of the President to be price administrator.

"Much of the waste and confusion of our defense efforts today can be traced to the fact that priorities were instituted without doing the things that must go with priorities, finding out what we must supply and what resources are available for the job," Mr. Baruch testified.

Once American industry has been mobilized in all "its potency and terrible military might," he said, this country could be "the dominating influence" in the world.

Turning to a discussion of the Administration's bill, Mr. Baruch said it would not stop inflation, although it might lessen the degree.

"Piecemeal price fixing will not halt inflation," he explained. "It allows the general price level to run wild, while dealing with a few individual prices."

As a matter of basic principle, he said, a price control law should make no exceptions and added that while there might be good administrative reasons why the price control agency should not be entrusted with the regulation of both rent and wages as well as commodity prices, he did not agree.

Discussing agriculture's place in the picture, Mr. Baruch said that the ceiling for farm commodities could be set at parity, and the same parity relationship could be retained after the war.

"Those who demand 110% of parity and more are inviting the farmer to go on another binge which will leave him with the same terrible hangovers he suffered after the last war," Mr. Baruch added.

Reappearing before the Committee on Sept. 22, Price Administrator Henderson expressed opposition to Mr. Baruch's plan for setting a ceiling on all prices, wages and rents. Mr. Henderson said that the over-all ceiling method had been studied for more than a year but was put aside in favor of a selective system of price control. He added that the blanket price control plan would be an almost impossible administrative task.

Again testifying before the House group on Sept. 23 Mr. Henderson stated that voluntary agreements to prevent wage increases were "the next step" in the government's effort to forestall inflation. Saying such agreements with labor are "not only feasible but highly likely," the Price Administrator declared that Sidney Hillman, Associate Director-General of the Office of Production Management, had been working toward that goal for some time. Mr. Henderson emphasized that wages should be kept in restraint, but said that at the opening of a great national effort such as the current armament program, "you cannot get the cooperation necessary by fixing wages."

Daily Average Crude Oil Production for Week Ended Oct. 4, 1941, Off 199,250 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for week ended Oct. 4, 1941 was 3,860,750 barrels. This was a decline of 199,250 barrels from the output of the preceding week and the current week's figures were below the 4,012,900 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during October. Daily average production for the four weeks ended Oct. 4, 1941 is estimated at 4,007,150 barrels. The daily average output for the week ended Oct. 5, 1940, totaled 3,488,800 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, 4,015,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 80,870,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,359,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	aB. of M. Calculated Requirements (October)	State Allowables	Actual Production: Week Ended Oct. 4 1941	Change from Previous Week	4 Weeks Ended Oct. 4 1941	Week Ended Oct. 5 1940
Oklahoma	481,500	428,000	b432,700	+7,950	425,800	413,800
Kansas	253,000	253,000	b239,700	—18,950	250,300	191,150
Nebraska	5,300	------	b6,450	—200	6,800	1,000
Panhandle Texas			71,500	—8,750	80,800	81,150
North Texas			100,550	—3,300	101,950	120,700
West Central Texas			30,450	—400	30,750	28,750
West Texas			231,500	—47,400	267,500	208,600
East Central Texas			79,700	—5,300	83,700	63,500
East Texas			298,350	—71,350	351,850	298,700
Southwest Texas			179,450	—38,550	208,750	199,150
Coastal Texas			248,800	—43,500	281,700	188,400
Total Texas	1,420,100	c1,485,966	1,240,300	—218,550	1,407,000	1,188,950
North Louisiana			80,350	+150	80,550	64,750
Coastal Louisiana			253,200	—1,900	254,350	220,550
Total Louisiana	332,000	339,233	333,550	—1,750	334,900	285,300
Arkansas	78,200	73,415	74,350	—1,250	75,350	71,450
Mississippi	43,900		b60,750	+6,050	56,050	19,200
Illinois	399,200		438,250	+22,500	415,150	357,200
Indiana	20,100		b20,150	+1,350	19,750	19,800
Eastern (not incl. Ill. & Ind.)	98,100		94,100	+400	93,550	92,100
Michigan	44,100		54,700	+1,700	52,900	50,150
Wyoming	84,300		88,800	+300	87,300	80,500
Montana	20,300		20,550	—50	20,600	17,900
Colorado	5,000		4,900	+50	4,900	3,250
New Mexico	114,600	114,600	114,500	------	114,200	97,650
Total East of Calif.	3,399,700		3,223,750	—200,450	3,364,550	2,889,400
California	613,200	d613,200	637,000	+1,200	642,600	599,400
Total United States	4,012,900		3,860,750	—199,250	4,007,150	3,488,800

aThese 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 October. 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.

bOkla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. Oct. 1.

cThis is the net basic 31-day allowable as of Oct. 1, but experience indicates that it will increase as new wells are completed, and if any upward revisions are made. With a few exceptions the entire State, including Panhandle, was ordered shut down on Oct. 4, 5, 11, 12, 18, 19, 25, 26 and 31.

dRecommendation of Conservation Committee of California Oil Producers.

NOTE:—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED OCT. 4, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

District	Daily Refining Capacity: Potential Rate	Daily Refining Capacity: P. C. Reporting	Crude Runs to Stills: Daily Aver.	Crude Runs to Stills: P. C. Operated	Gasoline Produc'n at Refineries Incl. Natural Blended	Stocks Finished & Unfinished Gasoline	b Stocks of Gas Oil and Distillates	b Stocks of Residual Fuel Oil	c Stocks Aviation Gasoline
East Coast	673	100.0	640	95.1	1,722	18,579	18,803	10,482	E. Coast
Appalachian	166	83.8	128	92.1	458	3,337	634	496	671
Ind. Ill. Ky.	752	84.4	650	102.4	2,596	14,591	5,678	4,513	Interior
Okla. Kans., Mo.	413	80.7	308	92.5	1,251	6,918	2,171	2,083	1,218
Inland Texas	263	63.2	130	78.3	605	2,181	485	1,411	Glf. Cst.
Texas Gulf	1,097	91.0	998	99.9	3,107	11,515	5,620	8,613	2,981
Louisiana Gulf	156	94.2	150	101.4	356	2,824	1,661	2,141	
No. La. & Arkansas	95	49.9	49	104.3	142	419	395	437	Calif.
Rocky Mountain	136	50.1	61	89.7	218	1,007	133	376	2,067
California	787	90.9	546	76.4	1,569	14,124	12,843	64,039	
Reported		86.4	3,660	93.3	12,024	75,495	48,423	94,591	6,937
Estimated Unreported			355		1,335	5,375	1,130	1,425	385
aEst. total U. S.: Oct. 4, 1941	4,538		4,015		13,359	f80,870	49,553	96,016	7,322
Sept. 27, 1941	4,538		3,980		13,213	81,003	49,950	95,251	7,396
U. S. B. of M.: aOct. 4, 1940			d3,565		e11,817	81,644	48,848	107,461	6,037

aEstimated Bureau of Mines' basis. bAt refineries, bulk terminals, in transit and in pipe lines. cIncluded in finished and unfinished gasoline total. dSept.-Oct., 1940, daily average. eThis is a week's production based on U. S. Bureau of Mines Sept.-Oct., 1940, daily average. fFinished, 73,113,000 bbl.; unfinished, 7,757,000 bbl.

The State Of Trade

Domestic business figures continue to reflect a high scale of operations. Steel operations moved closer to capacity mark. They are 98.1 per cent for this week, a gain of 1.2 points over last week. In actual tonnage of steel this means a new record for all time, totaling 1,521,000 tons.

National power production last week set a new record for all time, totaling 1,521,000 tons.

National power production last week set a new record of 3,289,692,000 kilowatt hours, up 17.8 per cent over the 1940 comparative. It compares with 3,233,278,000 kilowatt hours in the preceding week, the Edison Electric Institute reported today.

The labor situation continues to loom large. President Roosevelt appealed yesterday for elimination of strikes imperiling the defense program. It is not expected to have much effect on certain labor leaders. It is said that a great barrier to all-out industrial production is the new wave of strikes in defense plants. Steel lost in the Gary strike is equivalent to that needed in building 41 submarines, authorities state.

Another factor that does much to becloud the immediate business outlook is the priority situation which is causing so many shutdowns and is this week really beginning to bite into the country's industrial and economic structure. The Ford lay-off is only one instance of general unsettlement.

Government labor experts sought to combat the threatened dislocation of 250,000 non-defense workers in the automotive industry. Beset by the announced lay-off of 20,000 employees at Ford Motor Co. plants, high labor officials anticipated similar curtailment of work programs in General Motors and Chrysler plants, as well as at automotive accessory units across the nation. At a conference between union and Ford officials the dismissals were reduced to 5,400 workers by the "end of November."

An item that makes the labor outlook anything but heartening is the sharp gain registered by the CIO unions in September collective bargaining elections. CIO unions received almost 50 per cent of all votes cast in such elections last month. By comparison, A. F. of L. unions received less than 20 per cent of the votes cast, independent unions 14 per cent and over 16 per cent of the ballots were cast against all unions.

The strength of the CIO despite popular resentment against the very limited support it has given the defense program, indicates that employees have been impressed by the gains made by aggressive trade unionism in recent months. Now it is feared that the outcome of these elections may be to stimulate organizing campaigns, and thus lead to an increase in strikes.

While business generally is holding at a high level, there is much in the domestic and foreign situation that gives cause for concern. This is reflected in the action of the securities market, which has been anything but buoyant of late. Increased taxes, the priority situation and its damaging effects to non-defense business, proposed bills to limit profits from 6 to 8 per cent and the highly critical state of affairs in Russia, resulting from the new gigantic German drive, have all contributed their share to the uncertainty of the times.

Reports of a new large scale offensive against the Russians by the Germans, coupled with rumors of new peace proposals, the latter based on the assumption that Russia would not be able to continue the contest much longer—had anything but a wholesome effect in the financial district. The opinion in Wall Street is that, should there be a negotiated peace in the near future, a business depression could not be avoided, as companies and individuals are stocked with materials that can only be used in the event of a prolonged war.

Reports from Washington reflect the mounting problems and drastic measures under way to meet them. A far-reaching revenue and anti-inflation program designed to tax every man and woman in the nation on the basis of their ability to share in mounting defense expenditures and do their part toward preventing price advances is now being drawn up by financial experts of the Government. According to officials a plan to draw billions of dollars from next year's income into the Treasury's vaults is being considered.

Price Administrator Leon Henderson asserts inflation is now in its early stages. He says that if the trend is not checked, the nation will suffer severely.

There was some satisfaction in the financial district over the introduction of an over-all price control measure in Congress by Representative Gore, Democrat, of Tennessee. His bill proposes an all-out program to halt the climb in the cost of living by fixing wages, rents and wholesale prices of all commodities at present-day levels. The bill also proposes an 8 per cent profit limitation on all national defense contracts in excess of $10,000.

It is pointed out that the difference between the proposal of Mr. Gore and that of the Administration is that the Tennessee Representative is realistic and knows that price control measures which ignore labor costs and agriculture which makes up a good portion of the balance, cannot be effective measures. The Administration spokesman have studiously avoided attacking the sacred cows of labor costs and agricultural prices.

Revenue Freight Car Loadings During Week Ended Sept 27, 1941 Totaled 919,510 Cars

Loading of revenue freight for the week ended Sept. 27, totaled 919,510 cars, the Association of American Railroads announced on Oct. 2. The increase above the corresponding week in 1940 was 97,076 cars or 11.8%, and above the same week in 1939 and 89,814 cars or 10.8%.

Loading of revenue freight for the week of Sept. 27 increased 11,541 cars or 1.3% above the preceding week.

Miscellaneous freight loadings totaled 399,710 cars, a decrease of 764 cars below the preceding week, but an increase of 70,276 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 160,593 cars, an increase of 369 cars above the preceding week, and an increase of 2,559 cars above the corresponding week in 1940.

Coal loading amounted to 170,759 cars, an increase of 11,770 cars above the preceding week, and an increase of 12,275 cars above the corresponding week in 1940.

Grain and grain products loading totaled 40,480 cars, a decrease of 4,359 cars below the preceding week, but an increase of 1,088 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Sept. 27 totaled 26,869 cars, a decrease of 4,301 cars below the preceding week, but an increase of 827 cars above the corresponding week in 1940.

Live stock loading amounted to 16,513 cars, an increase of 1,031 cars above the preceding week, but a decrease of 1,004 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Sept. 27 totaled 12,777 cars, an increase of 472 cars above the preceding week, but a decrease of 1,191 cars below the corresponding week in 1940.

Forest products loading totaled 46,288 cars, an increase of 924 cars above the preceding week, and an increase of 5,620 cars above the corresponding week in 1940.

Ore loading amounted to 71,267 cars, an increase of 1,546 cars above the preceding week, and an increase of 4,052 cars above the corresponding week in 1940.

Coke loading amounted to 13,900 cars, an increase of 1,024 cars above the preceding week, and an increase of 2,210 cars above the corresponding week in 1940.

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

	1941	1940	1939
4 weeks of January	2,740,095	2,557,735	2,288,730
4 weeks of February	2,824,188	2,488,879	2,282,866
5 weeks of March	3,817,918	3,123,916	2,976,655
4 weeks of April	2,793,563	2,495,212	2,225,188
5 weeks of May	4,160,527	3,351,840	2,926,408
4 weeks of June	3,510,137	2,896,953	2,563,953
4 weeks of July	3,413,427	2,822,450	2,532,236
5 weeks of August	4,464,458	3,717,933	3,387,672
Week of September 6	797,740	695,094	662,357
Week of September 13	913,052	804,265	800,431
Week of September 20	907,969	813,329	809,752
Week of September 27	919,510	822,434	829,696
Total	31,263,484	26,590,040	24,285,944

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 27, 1941. During this period 104 roads showed increases when compared with the same week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED SEPT. 27

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Eastern District—					
Ann Arbor	649	544	671	1,592	1,369
Bangor & Aroostook	930	746	1,167	361	223
Boston & Maine	9,121	7,807	8,654	13,713	10,402
Chicago, Indianapolis & Louisville	1,697	1,769	1,814	2,545	2,622
Central Indiana	27	15	27	67	53
Central Vermont	1,488	1,326	1,346	2,586	2,096
Delaware & Hudson	7,839	5,219	6,023	11,695	7,911
Delaware, Lackawanna & Western	10,428	9,226	11,360	9,025	7,848
Detroit & Mackinac	317	430	483	182	111
Detroit, Toledo & Ironton	2,496	2,383	2,358	1,238	1,337
Detroit & Toledo Shore Line	351	320	315	3,601	3,431
Erie	16,443	14,214	14,197	16,104	14,351
Grand Trunk Western	5,633	5,235	4,534	8,895	8,262
Lehigh & Hudson River	203	258	135	2,792	2,221
Lehigh & New England	1,431	1,810	2,231	1,849	1,537
Lehigh Valley	9,579	9,907	10,155	9,744	6,991
Maine Central	3,254	2,832	2,977	2,632	1,923
Monongahela	6,700	5,150	5,026	422	247
Montour	2,670	2,301	2,253	46	31
New York Central Lines	53,409	49,040	46,542	52,250	44,150
N. Y., N. H. & Hartford	12,781	10,597	11,164	16,009	13,262
New York, Ontario & Western	1,432	1,215	1,213	2,464	1,712
N. Y., Chicago & St. Louis	7,455	6,493	7,466	14,262	11,708
N. Y., Susquehanna & Western	557	352	470	1,785	1,501
Pittsburgh & Lake Erie	8,749	7,988	7,541	8,839	8,121
Pere Marquette	6,769	6,494	6,618	6,795	5,647
Pittsburgh & Shawmut	857	956	654	41	69
Pittsburgh, Shawmut & North	416	386	527	516	271
Pittsburgh & West Virginia	1,294	1,111	1,176	2,801	1,800
Rutland	616	642	756	1,305	973
Wabash	6,109	5,645	6,061	10,979	9,703
Wheeling & Lake Erie	5,780	4,739	4,652	4,384	3,677
Total	187,480	167,150	170,566	211,519	175,560
Allegheny District—					
Akron, Canton & Youngstown	736	568	531	1,058	1,121
Baltimore & Ohio	42,976	36,871	36,475	23,628	19,579
Bessemer & Lake Erie	6,307	6,688	5,254	2,167	2,470
Buffalo Creek & Gauley *	306	320	335	5	5
Cambria & Indiana	1,953	1,635	1,683	9	12
Central R.R. of New Jersey	8,232	6,979	7,794	16,004	12,619
Cornwall	651	643	660	55	37
Cumberland & Pennsylvania	288	244	270	26	45
Ligonier Valley	119	138	198	33	64
Long Island	950	785	700	2,986	2,665
Penn-Reading Seashore Lines	2,038	1,607	1,584	2,201	1,612
Pennsylvania System	91,967	75,781	76,792	57,415	49,637
Reading Co.	17,555	15,254	15,565	24,663	19,633
Union (Pittsburgh)	21,004	19,540	16,230	6,821	5,922
Western Maryland	4,605	3,754	4,349	9,467	7,670
Total	199,667	170,807	168,420	148,538	123,091
Pocahontas District—					
Chesapeake & Ohio	30,228	27,680	29,117	13,380	12,810
Norfolk & Western	25,109	23,799	24,018	6,553	5,632
Virginian	4,584	4,940	4,387	2,143	1,810
Total	59,921	56,419	57,522	22,076	20,252

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Southern District—					
Alabama, Tennessee & Northern	367	322	310	282	241
Atl. & W. P.—W. R.R. of Ala.	945	942	877	2,196	1,684
Atlanta, Birmingham & Coast	845	732	642	1,084	839
Atlantic Coast Line	10,672	9,613	8,246	7,234	5,904
Central of Georgia	4,563	4,239	4,022	3,996	3,585
Charleston & Western Carolina	458	480	485	1,600	1,170
Clinchfield	1,775	1,509	1,542	2,797	2,207
Columbus & Greenville	436	273	538	360	329
Durham & Southern	188	199	171	521	436
Florida East Coast	412	459	526	1,000	904
Gainsville Midland	35	32	46	74	107
Georgia	1,357	1,284	1,008	2,326	1,745
Georgia & Florida	442	307	366	627	442
Gulf, Mobile & Ohio	4,506	3,014	3,772	3,536	3,208
Illinois Central System	29,886	25,757	28,013	15,121	13,027
Louisville & Nashville	27,985	26,238	25,910	9,182	6,132
Macon, Dublin & Savannah	204	140	175	675	501
Mississippi Central	239	169	230	347	301
Nashville, Chattanooga & St. L.	3,835	3,219	3,215	3,326	2,888
Norfolk Southern	1,594	1,361	1,095	1,543	1,556
Piedmont Northern	495	400	474	1,614	1,201
Richmond Fred. & Potomac	498	419	431	5,889	3,728
Seaboard Air Line	10,296	9,522	8,593	7,017	5,239
Southern System	26,022	24,027	23,632	20,604	16,514
Tennessee Central	539	534	472	763	756
Winston-Salem Southbound	185	181	161	1,094	946
Total	128,779	115,372	114,952	94,808	75,590
Northwestern District—					
Chicago & North Western	22,803	22,525	22,895	14,437	12,227
Chicago Great Western	3,149	3,018	2,790	3,750	3,252
Chicago, Milw., St. P. & Pac.	24,174	22,430	23,534	10,410	8,868
Chicago, St. P., Minn. & Omaha	4,841	4,391	5,061	4,796	4,350
Duluth, Missabe & Iron Range	24,227	20,129	14,103	294	203
Duluth, South Shore & Atlantic	1,211	1,288	1,748	685	477
Elgin, Joliet & Eastern	10,439	9,726	8,058	8,882	7,318
Ft. Dodge, Des Moines & South	710	741	559	205	214
Great Northern	25,212	24,493	25,552	4,550	3,768
Green Bay & Western	651	555	874	780	718
Lake Superior & Ishpeming	2,105	3,410	3,452	94	66
Minneapolis & St. Louis	2,066	2,456	2,303	2,364	2,557
Minn., St. Paul & S. S. M.	8,026	7,400	8,299	3,428	2,722
Northern Pacific	13,172	11,648	12,265	5,149	4,019
Spokane International	201	269	274	354	344
Spokane, Portland & Seattle	2,725	2,143	1,673	2,612	2,137
Total	145,713	136,622	133,440	62,790	53,240
Central Western District—					
Atch. Top. & Santa Fe System	23,117	20,867	23,434	9,524	6,974
Alton	3,417	3,057	3,294	2,941	2,301
Bingham & Garfield	688	611	382	104	71
Chicago, Burlington & Quincy	18,836	17,907	18,057	11,429	10,146
Chicago & Illinois Midland	2,770	2,357	1,974	1,134	847
Chicago, Rock Island & Pacific	14,060	13,300	13,867	11,423	9,860
Chicago & Eastern Illinois	2,912	3,018	3,102	3,043	2,800
Colorado & Southern	917	666	927	1,730	1,347
Denver & Rio Grande Western	4,242	4,278	4,054	5,398	4,195
Denver & Salt Lake	1,038	1,112	1,048	42	15
Fort Worth & Denver City	1,016	1,076	1,155	1,209	1,034
Illinois Terminal	2,034	1,760	2,071	2,029	1,585
Missouri-Illinois	1,181	908	1,393	475	484
Nevada Northern	2,015	1,855	1,917	133	122
North Western Pacific	1,263	907	849	558	428
Peoria & Pekin Union	7	6	10	0	0
Southern Pacific (Pacific)	32,985	27,314	26,653	8,099	5,368
Toledo, Peoria & Western	382	357	424	1,696	1,384
Union Pacific System	17,948	15,694	16,859	13,977	10,596
Utah	571	600	461	14	8
Western Pacific	2,476	1,831	1,942	3,632	2,898
Total	133,855	119,481	123,873	78,590	62,463
Southwestern District—					
Burlington-Rock Island	238	182	221	276	318
Gulf Coast Lines	3,200	2,635	2,357	2,102	1,460
International-Great Northern	2,074	2,014	2,128	2,184	2,182
Kansas, Oklahoma & Gulf	297	271	377	1,249	995
Kansas City Southern	2,797	2,489	2,070	2,952	2,179
Louisiana & Arkansas	2,853	2,028	2,201	2,189	1,529
Litchfield & Madison	352	408	410	1,207	976
Midland Valley	964	661	918	330	233
Missouri & Arkansas	197	224	283	429	316
Missouri-Kansas-Texas Lines	5,037	4,757	5,349	3,815	3,191
Missouri Pacific	19,320	17,146	18,521	13,738	10,772
Quanah Acme & Pacific	113	138	89	172	210
St. Louis-San Francisco	10,738	8,727	9,749	6,152	5,128
St. Louis Southwestern	3,545	2,912	3,524	3,617	2,404
Texas & New Orleans	7,943	7,492	7,536	4,082	3,253
Texas & Pacific	4,232	4,337	4,968	5,416	3,697
Wichita Falls & Southern	174	146	203	60	51
Weatherford M. W. & N. W.	21	16	19	49	18
Total	64,095	56,583	60,923	50,019	38,912

Note—Previous year's figures revised. * Previous figures.

Petroleum And Its Products

The same shortage of materials and labor that forced the temporary deferment of the Texas-East Coast pipeline has caused the major oil companies who had planned the building of a jointly-owned shipyard for the construction of 36 tankers to relieve the shortage of tankers in the Gulf Coast-Atlantic Coast run to abandon their plans, it was announced in New York City on Tuesday.

Following conferences with representatives of the Maritime Commission at which the oil companies found out that the steel, machinery and labor required for the program would not be available unless taken from going plants at the expense of the current shipbuilding program, the decision to abandon the plan was reached. Companies participating in the proposed construction work included—Cities Service, Consolidated Oil, Gulf Oil, Pan American Petroleum & Transport, Shell Union, Socony-Vacuum, Atlantic Refining, Texas, Tide Water Associated, Sun and Standard Oil (N. J.).

"When the presidents of these companies were called together last spring to discuss measures for making up the deficiency in transportation caused by the withdrawal of United States for use by the British they had two major construction programs in mind," a statement issued by Standard Oil Co. (N. J.) said. "The first was a crude pipeline from Texas to Philadelphia and New York. This now is awaiting a decision on priority for the required steel tonnage. The other was a proposal to put up new shipbuilding plants for tankers on the Atlantic seaboard or the Gulf, or to build hulls in Pittsburgh to be floated down the Ohio and Mississippi rivers. It was thought that 36 new tankers might be provided in this way, there being no open capacity for their construction in any of the established yards.

"The oil companies made an investigation of the possibilities of creating new facilities and several conferences were held with the United States Martime Commission" it was continued. "The companies have been notified that it is the Commission's view that there will not be available the steel, machinery or skilled labor for the new yards and that if they were to be undertaken it might be at the expense of the program now being carried on through existing yards. The Maritime Commission some months ago placed orders for 72 tankers to be laid down at the Sun Yard in Chester, Pa. It is reported that, in addition, the Commission has more recently arranged for building 64 additional tankers when ways are available."

It was indicated in reports from Washington this week that the SPAB may reconsider its decision in the matter of the proposed pipeline from Texas to the East Coast and issue priorities making available seamless steel tubes to the petroleum industry for such construction. However, since the companies involved in the plan dropped their financial arrangements completely following their original turndown by the SPAB, considerable time to revive these and such other details as right-of-way purchases, etc., would be required before any actual start could be made upon construction of the pipeline. Oilmen feel that the line could not be finished until mid-1943, at the earliest.

After J. J. Pelley reported in his second appearance before the Maloney Senate Committee investigating the East Coast shortage that his original figure of 20,000 idle tank cars, called inaccurate by Petroleum Coordinator Ickes in his appearance before the Committee last Wednesday, was "conservative," Chairman Maloney issued a statement on October 3 that in the opinion of the Committee the situation was little changed from that prevailing at the time the Committee originally found that there was no shortage of petroleum products but merely a shortage of "surplus" on the East Coast. The Committee's action was seen in the trade as a direct repudiation of Coordinator Ickes since he testified that he could find only 5,192 idle tank cars available in a survey made by his office, and furthermore said that Mr. Pelley's original figure of 20,000 tank cars was incorrect.

A new figure entered into the two-way fight between the Petroleum Coordinator and Mr. Pelley as J. A. Moffett, Chairman of the board of the California-Texas Oil Co., hinted in Washington on October 3 that full Federal control of the oil industry may be the motive behind the Government's insistent claims of a petroleum shortage. Mr. Moffett disputed the statements made by Mr. Ickes and his assistant, Mr. Davies, but added that if there is a shortage, it could be corrected almost immediately. The Federal control angle entered the picture when Mr. Moffett replied to a question as to what was back of the Coordinator's claim of shortage with "Do they want to disrupt the industry to bring about full Federal control."

Although Mr. Moffett appeared to side with Mr. Pelley, he insisted the real issue is whether tank cars are being fully utilized, contending that more efficient use of tank cars in the East would settle the supply problem there. "Disregard the present petty squabble on the tank car subject and look at the record," he said. "In 1917, a total of 57,000 oil tank cars moved 30,500,000 tons of petroleum products; 23 years later, 1940, 148,000 tank cars moved only 60,000,000 tons of petroleum products. Two and six-sixteenths as

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Petroleum And Its Products

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many tank cars as in 1917—moving only twice as much oil.

"If we were now doing as well as we did in 1917 we would be moving 80,000,000 tons a year instead of 60,000,000 tons . . . and if we were as smart as we were in 1917 this extra 20,000,000 tons of petroleum products moved would mean an extra 383,000 barrels of oil daily. The shortage created by British needs and our loan of our tankers to the British created a shortage of only 200,000 barrels daily, according to the statement of the Petroleum Coordinator."

Mr. Moffett also announced that he had information that the British have offered and are anxious to send back tankers that have been borrowed, and that these tankers have been sent to the Dutch East Indies, South America and Australia under orders from Mr. Ickes' office. That the British are preparing to return tankers was confirmed in an announcement from Mr. Ickes on October 7 that due to the drop in shipping losses in the Battle of the Atlantic, the British can return, at least temporarily, 12 to 15 tankers. What use will be made of these tankers, and whether or not their return will relieve the present shortage on the East Coast was not discussed by Mr. Ickes.

Prior to Mr. Ickes disclosure of the contemplated return of the lend-lease tankers, Mr. Moffett had called for the immediate recovery of at least six tankers for the West Coast "where another unnecessary shortage is being created." Following his press conference last Friday, Mr. Moffett directed another blast at the Petroleum Coordinator following the news of the torpedoing of the American tanker I. C. White while carrying oil from Curacao to Cape Town. With petroleum stocks in South Africa at record highs, Mr. Moffett on Monday said that it was "disgraceful and outrageous" that the tanker White should have been taking more oil there when there is talk of a shortage in the United States. He pointed out that the normal source of supply for South Africa is Bahrein or Iran in the Persian Gulf, only 5,000 miles distance in contrast to the 7,000-mile distance from Curacao to Cape Town.

No announcement was made this week of any decision on the part of the American oil companies who lost approximately $150,000,000 of properties in the 1938 expropriation movement of the Cardenas Administration in Mexico in answer to the offer for settlement turned over to the companies by Secretary of State Hull last week. A story that Mexico would settle all general claims and achieve the first steps in settlement of the oil problem by October 9 was characterized as premature in Washington by Secretary of State Hull at a press conference on Friday.

A sharp slump in production in Texas was the main cause of a decline of 199,250 barrels in daily average output of crude oil in the United States during the week ended October 4 to 3,860,750 barrels, sharply under the October market demand estimate of the Bureau of Mines of 4,012,900 barrels. The American Petroleum Institute report disclosed a decline of 218,550 barrels in Texas production of crude oil, with higher totals in most of the other oil-producing states offsetting this somewhat. Stocks of domestic and foreign crude oil gained 149,000 barrels during the September 27 week, rising to 246,649,000 barrels, the Bureau of Mines reported this week. Inventories of U. S. crude were up 473,000 barrels but a slump of 324,000 barrels in stocks of imported crude offset this increase.

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Electric Output for Week Ended Oct. 4, 1941 Shows Gain of 17.8% Over Like Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Oct. 4, 1941, was 3,289,692,000 kwh. The current week's output is 17.8% above the output of the corresponding week of 1940, when production totaled 2,792,067,000 kwh. The output for the week ended Sept. 27, 1941, was estimated to be 3,233,278,000 kwh., an increase of 14.8%, over the like week a year ago.

PERCENTAGE INCREASE FROM PREVIOUS YEAR

Major Geographic Regions	Week Ended Oct. 4, '41	Week Ended Sept. 27, '41	Week Ended Sept. 20, '41	Week Ended Sept. 13, '41
New England	19.9	18.9	18.4	19.6
Middle Atlantic	14.8	10.8	14.2	16.1
Central Industrial	20.7	17.4	18.2	19.6
West Central	16.8	13.1	13.6	13.8
Southern States	20.2	16.8	22.6	27.1
Rocky Mountain	19.1	17.1	10.3	7.4
Pacific Coast	x10.4	9.6	x10.7	x10.8
Total United States	17.8	14.8	16.7	18.3

x Percentage should be higher; data under revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended	1941	1940	Percent Change 1941 from 1940	1939	1938	1937
June 7	3,042,128	2,598,812	+17.1	2,328,756	2,056,509	2,266,759
June 14	3,066,047	2,664,853	+15.1	2,340,571	2,051,006	2,260,771
June 21	3,055,841	2,653,788	+15.2	2,362,436	2,082,232	2,287,420
June 28	3,120,780	2,659,825	+17.3	2,395,857	2,074,014	2,285,362
July 5	2,866,865	2,425,229	+18.2	2,145,033	1,937,486	2,139,281
July 12	3,141,158	2,651,626	+18.5	2,402,893	2,154,099	2,358,438
July 19	3,162,586	2,681,071	+18.0	2,377,902	2,152,779	2,321,531
July 26	3,183,925	2,760,935	+15.3	2,426,631	2,159,667	2,312,104
Aug. 2	3,226,141	2,762,240	+16.8	2,399,805	2,193,750	2,341,103
Aug. 9	3,196,009	2,743,284	+16.5	2,413,600	2,198,266	2,360,930
Aug. 16	3,200,818	2,745,697	+16.6	2,453,556	2,206,560	2,365,859
Aug. 23	3,193,404	2,714,193	+17.7	2,434,101	2,202,454	2,351,233
Aug. 30	3,223,609	2,736,224	+17.8	2,442,021	2,216,648	2,380,301
Sept 6	3,095,746	2,591,957	+19.4	2,375,852	2,109,985	2,211,398
Sept 13	3,281,290	2,773,177	+18.3	2,532,014	2,279,233	2,338,370
Sept 20	3,232,192	2,769,346	+16.7	2,538,118	2,211,059	2,231,277
Sept 27	3,233,278	2,816,358	+14.8	2,558,538	2,207,942	2,331,415
Oct. 4	3,289,692	2,792,067	+17.8	2,554,290	2,228,586	2,339,384
Oct. 11	----	2,817,465	---	2,583,366	2,251,089	2,324,750
Oct. 18	----	2,837,730	---	2,576,331	2,281,328	2,327,212
Oct. 25	----	2,866,827	---	2,622,267	2,283,831	2,297,785
Nov. 1	----	2,882,137	---	2,608,864	2,270,534	2,245,449

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	Percent Change 1941 from 1940	1939	1938	1937
January	13,149,116	11,663,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	----	11,616,238	---	10,185,255	9,170,375	10,036,410
August	----	11,924,381	---	10,785,902	9,801,770	10,308,884
September	----	11,484,529	---	10,653,197	9,486,866	9,908,314
October	----	12,474,727	---	11,289,617	9,844,519	10,065,805
November	----	12,213,543	---	11,087,866	9,893,195	9,506,495
December	----	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for yr.		138,653,997		124,502,309	111,557,727	117,141,591

Steel Production Curtailed by Labor Trouble, Scrap Shortages and Priority Curtailments

The "Iron Age" in its issue of Oct. 9 reported that obstacles preventing the full use of many of the nation's steel and metal-working plants this week overshadowed the very substantial efforts being made to increase industrial capacity for national defense.

To many observers it seemed that these obstacles, which include (1) strikes and slowdowns, (2) shortages of iron and steel scrap, and other vital raw materials, and (3) priorities curtailments and shutdowns—all involving the use of existing equipment—were getting relatively less attention from Washington than the subject of industrial expansion.

Under the SPAB-approved plan for new steel plant capacity a tremendous strain will be thrown on suppliers of steel plant equipment, despite the use of highest priority ratings, and will not completely fill defense and civilian needs for steel.

Of more immediate significance than added steel capacity are the priority shutdowns which this week really began to bite into the country's industrial and economic structure.

The Ford layoff is only one. The workings of the priorities system of distributing metals and other materials is expected to result in the temporary wide-spread unemployment.

Meanwhile a non-integrated sheet mill in the Midwest has suspended production, due to lack of sheet bars and its officers are reported considering liquidation of its business.

Another barrier to all-out industrial production, perhaps in time to be the more dangerous, is the new wave of strikes in defense plants. Steel lost in the Gary strike is equivalent to that needed in building 41 submarines.

The wave of recent labor disputes may be the preliminary rounds in an industry-wide showdown in steel on the closed shop and "Maintenance of Membership" issues raised by Union leaders.

Many steel companies continue to remain on the ragged edge as far as scrap supplies are concerned. Should anything interfere with incoming shipments of scrap many steel units would be forced down immediately because of the decline, or, in some cases, disappearance of inventories.

Since several steel plants were forced to curtail operations, due to lack of scrap and because of the Gary strike, the national rate of steel production dropped a half point to 98% from 98.5% last week. Pittsburgh district operations rose one point to 100%, and the Valleys (Youngstown) two points to 102%. The Chicago rate declined eight points to 93%.

Meanwhile the volume of steel specifications in the past week has again turned upward and steel companies in some instances are booking orders for 10 to 25% more steel than they are producing or shipping. Consequently steel backlogs are again increasing, and in view of the obstacles to higher production, are likely to remain at record levels for some time to come.

Production of coke pig iron in September, according to an "Iron Age" survey, totaled 4,716,901 net tons compared with 4,791,432 tons in August. Output on a daily basis last month showed a gain of 1% over that in August, or from 154,562 tons to 157,230 tons. The operating rate for this industry was 98.8% of capacity in September, compared with 97.5% in August. On Oct. 1, there were 216 furnaces in blast, compared with 213 in blast on Sept. 1.

Fabricated structural steel awards of 8,400 tons are the lowest for any week this year, the only lettings of size being 3,000 tons at South Boston, Mass., for a Navy Yark dock building, and 1,000 tons for a Los Angels River bridge at Los Angeles. New structural steel projects dropped to 9,200 tons from 21,725 tons last week.

Reinforcing steel awards of 11,855 tons compare with 38,125 tons last week, with the largest contracts being 3,200 tons for a sewer project in the Borough of Queens, New York, and 2,200 tons at Seattle for an Army Quartermaster Corps pier.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Oct. 7, 1941, 2.30467c. a Lb.

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

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75833c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Oct. 7, 1941, $23.61 a Gross Ton

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

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

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 17
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Oct. 7, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.54

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

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Oct. 6 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 98.1% of capacity for the week beginning Oct. 6, compared with 96.9% one week ago, 96.9% one month ago and 94.2% one year ago. This represents an increase of 1.2% points or 1.2%, from the preceding week. Weekly indicated rates of steel operations since Oct. 7, 1940, follow:

1940—		1941—					
Oct 7	94.2%	Jan 6	97.2%	Mar 24	99.8%	Jun 30	x91.8%
Oct 14	94.4%	Jan 13	98.5%	Mar 31	99.2%	Jly 7	x94.9%
Oct 21	94.9%	Jan 20	96.5%	Apr 7	99.3%	Jly 14	x95.2%
Oct 28	95.7%	Dec 30	95.9%	Apr 14	98.3%	Jly 21	x96.0%
Nov 4	96.0%	Jan 27	97.1%	Apr 21	96.0%	Jly 28	x97.6%
Nov 11	96.1%	Feb 3	96.9%	Apr 28	94.3%	Aug 4	x96.3%
Nov 18	96.6%	Feb 10	97.1%	May 5	96.8%	Aug 11	x95.6%
Nov 25	96.6%	Feb 17	94.6%	May 12	99.2%	Aug 18	x96.2%
Dec 2	96.9%	Feb 24	96.3%	May 19	99.9%	Aug 25	x96.5%
Dec 9	96.0%	Mar 3	97.5%	May 26	98.6%	Sep 2	x96.3%
Dec 16	96.8%	Mar 10	98.8%	Jun 2	99.2%	Sep 8	96.9%
Dec 23	80.8%	Mar 17	99.4%	Jun 9	98.6%	Sep 15	96.1%
				Jun 16	99.0%	Sep 22	96.8%
				Jun 23	99.9%	Sep 29	96.9%
						Oct 6	98.1%

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

"Steel" of Cleveland, in its summary of the iron and steel markets on Oct. 6, stated:

Expected curtailment of steel production resulting from scrap shortage now has begun to appear. At least five open hearths were taken off last week by producers in Ohio and Pennsylvania. At Chicago the situation is critical and unless scrap supply is larger in the next few weeks steel output will be seriously cut in November. Detroit steelmakers have so little material on hand that they may be forced to take off some open hearths this week.

Recent action by OPM to allow higher prices for remote scrap is not considered an important factor in future supplies as much of this material was picked up before Sept. 1, when ceiling prices were being violated.

September bookings, though heavy, were smaller than for several months and for the first time in many months some mills found shipments in September were equal to bookings. One cause is realization by civilian consumers that it is futile to seek more tonnage while the heavy orders now on books remain unshipped. Strict inventory control is another factor, reducing tendency to hoard. Although instances occur where consumption in manufacturing is held up by lack of material the situation is not yet as bad as feared. In by far the greater number of cases steel is being shipped as fast as needed. Last week some revival of inquiry was noted, indicating heavier demand in October.

While steelmakers are still confronted by much detailed paper work under OPM priority the situation is beginning to ease. Filing of PD-73 forms has been done by all customers of some mills and others have received them from 90% of their customers. The situation is complicated by instances of tonnage already scheduled under one priority being given a higher rating, forcing numerous changes in rolling schedules.

September pig iron production at 4,725,292 net tons was third largest of all time, compared with 4,784,639 tons in August. Due to the shorter month the daily rate of production exceeded that of August and at 157,510 tons is an all-time high. The daily rate was 154,343 tons in August. Production in September was at the rate of 99.4% of capacity. Blast furnaces active at the end of the month numbered 219, four more than at the end of August.

Trend of productions of finished steel is shown in the report of the American Iron and Steel Institute for August. Total production was 5,573,666 net tons, which was 6.7% greater than in July and 19.9% greater than in August, 1940. At 42,749,649 tons, eight months output this year was 44.8% greater than in the corresponding months last year.

A new extra list covering alloy steels has been issued, superseding the previous list of Sept. 1, 1940. This eliminates the former

standard practice manual and conforms to the steel products manual recently issued by the American Iron and Steel Institute. Changes in practically all extras have been made to adjust to the new lineup.

Lake Superior iron ore shipments in September set a new record for that month, at 10,311,517 gross tons, compared with 9,990,613 tons in the same month last year. This fell below the all-time high made in August, 11,496,303 tons. To Oct. 1 cumulative shipments for the season totaled 62,024,228 tons, 13,789,001 tons over the same period in 1940. This is close to the record total for an entire season, 65,204,600 tons, set in 1929.

Productions was unchanged last week at 96% for the third consecutive week. Chicago gained one-half point to 101.5, Wheeling three points to 94, Cleveland two points to 97.5 and Detroit two points to 89%. Eastern Pennsylvania declined one point to 94, New England seven points to 83, Cincinnati two points to 81 and St. Louis eight points to 83. Rates were unchanged in the remaining districts; Pittsburgh 98, Buffalo 90.5, Birmingham 95 and Youngstown 98%.

Automotive builders last week produced 76,820 units, compared with 78,535 the preceding week. This compared with 105,153 in the corresponding week last year.

Composites, based on fixed prices under OPM, remain unchanged at $56.60 for finished steel, $38.15 for iron and steel and $19.16 for steelworks scrap.

Steel ingot production for the week ended Oct. 6, is placed at 98% of capacity, unchanged from the previous week, in the compilation by Dow, Jones & Co., Inc. Two weeks ago the rate was 97½%.

U. S. Steel is estimated at 98%, compared with 99% in the preceding week and 98% two weeks ago. Leading independents are credited with 98%, against 97½% in the week before and 97% two weeks ago.

The following table gives a comparison 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		Independents	
1941	98		98	— 1	98	+ ½
1940	93	+ ½	95	+ 1	92½	+ ½
1939	89	+ 3	85½	+ 3½	89½	+ 2½
1938	49	+ 1½	45	+ 3	52½	
1937	65	— 6	56	—10	72	— 3
1936	75½		70½		79½	
1935	52½		41½		62	
1934	24	— ½	21½		25½	— 1
1933	38	— 2	35	— 2	40	— 2
1932	19½	+ 2	19	+ 1	20	+ 3
1931	29	— ½	32		28	
1930	55	— 1½	60	— 1½	51½	— 1½
1929	79	— 5	82	— 7	77	— 3
1928	87½	+ ½	87	— 2	88	+ 2

Weekly Coal and Coke Production Statistics

The latest weekly coal report of the Bituminous Coal Division, U. S. Department of the Interior, revealed that the total production of soft coal in the week ended Sept. 27 is estimated at 10,950,000 net tons, as against 9,930,000 tons in the preceding week, when lowered output reflected the suspension of activity at "captive mines." Production in the week of Sept. 28, 1940, amounted to 10,201,000 tons.

The U. S. Bureau of Mines in its weekly report stated that the production of Pennsylvania anthracite for the week ended Sept. 27 was estimated at 1,151,000 tons, an increase of 10,000 tons over the preceding week. Output in the corresponding week of 1940 amounted to 952,000 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—c		
	Sept. 27 1941	Sept. 20 1941	Sept. 28 1940	1941d	1940	1929
Bituminous coal—a						
Total including mine fuel	10,950	9,930	10,201	360,462	331,098	388,948
Daily average	1,825	1,655	1,700	1,589	1,443	1,686
Crude petroleum—b						
Coal equivalent of weekly output	6,503	6,526	6,087	233,739	231,308	172,084

(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 1938, page 702.) (c) Sum of 39 weeks ended September 27, 1941, and corresponding 39 weeks in 1940 and 1929. (d) Subject to current adjustment.

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

	Week Ended			Calendar Year to Date		
	Sept. 27 1941	Sept. 20 1941	Sept. 28 1940	1941	1940 a	1929 a
Penn Anthracite—						
Total, incl. colliery fuel b	1,151,000	1,141,000	952,000	40,622,000	37,617,000	51,989,000
Comm'l prod'n c	1,093,000	1,084,000	904,000	38,596,000	35,736,000	48,246,000
Beehive Coke—						
U. S. total	135,700	132,700	68,500	4,513,900	1,736,100	5,115,200
Daily average	22,617	22,117	11,417	19,541	7,516	22,144

(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.)

	Week Ended					Sept. average
State:	Sept. 20, 1941	Sept. 13, 1941	Sept. 21, 1940	Sept. 23, 1939	Sept. 21, 1929	1923 e
Alaska	3	4	3	4	(f)	(f)
Alabama	222	300	260	263	347	406
Arkansas and Oklahoma	106	102	82	62	134	96
Colorado	161	167	133	127	256	214
Georgia and North Carolina	1	1	1	1	(f)	(f)
Illinois	998	990	962	981	1,304	1,587
Indiana	482	459	352	330	373	550
Iowa	40	43	60	60	99	117
Kansas and Missouri	158	145	127	113	149	168
Kentucky—Eastern	878	983	797	893	976	713
Western	210	210	166	173	303	248
Maryland	42	46	26	34	44	40
Michigan	5	7	9	15	17	27
Montana	76	80	49	51	79	68
New Mexico	24	27	13	20	49	56
North and South Dakota	37	43	32	41	f 59	f 27
Ohio	646	685	467	458	488	861
Pennsylvania bituminous	2,204	2,710	2,388	2,213	2,858	3,585
Tennessee	139	145	113	125	105	119
Texas	8	8	12	17	19	26
Utah	96	101	87	102	113	103
Virginia	385	411	305	345	261	245
Washington	40	43	32	36	47	58
West Virginia—Southern a	2,023	2,304	2,067	2,068	2,096	1,474
Northern b	792	853	663	680	729	857
Wyoming	152	163	114	132	158	165
Other Western States c	2	*	1	*	f 5	f 4
Total bituminous coal	9,930	11,030	9,321	9,344	11,068	11,814
Pennsylvania anthracite d	1,141	1,235	1,115	1,362	1,564	714
Total, all coal	11,071	12,265	10,436	10,706	12,632	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 Markets

Uneasy sessions have been the rule on leading European stock markets, since the German Nazis launched another great campaign against Russia on Oct. 1. The outcome of the latest battle may be indicative for Russia's position in the European struggle. The London Stock Exchange firmed slightly when agreements were reached in Moscow on aid from the democracies. But the more ominous rumors and reports available in recent days turned the London sessions pessimistic. Recessions were modest, however, since it is not yet clear whether the ultimate stages in the conflict have been reached.

Dealings on the Continental markets were exceedingly modest in all sessions. Liquid funds are reported "superabundant" in France, which is another way of saying that inflationary trends are sharply at work. Some of the funds are finding their way into French stocks and rentes. On the Amsterdam market the trend was weak, owing to fears that the Nazi overlords will clamp down on the speculation in much the same manner that a quietus was put on the movement in Berlin.

Foreign Policy

Strenuous efforts were made in Washington this week to find a means for revising or repealing the neutrality enactments, as the next step in the program which President Roosevelt is pursuing in the world crisis. This move, heralded some weeks ago by the usual preliminary urgings of Cabinet Ministers and other White House spokesmen, appears to be more troublesome than had been anticipated. Sentiment in Congress admittedly is strong for maintenance of the safeguards against American involvement in the war, and there is even talk of a filibuster in the event of drastic proposals tending to lead the country toward intervention.

President Roosevelt held long conferences Tuesday and Wednesday with his advisers and with leaders of the Senate and the House. It became clear that the President desires changes which would permit the arming of American merchant ships and voyages by such vessels into belligerent waters. In commenting on Panamanian regulations prohibiting the arming of ships of that nation, Mr. Roosevelt remarked in a press conference, Tuesday, that this emphasizes the need for changes in our laws on neutrality. Whether such arguments will impress Congress remains to be seen.

A further ship-sinking incident was reported last Saturday, when it became known that the Panama flag tanker I. C. White, 7,052 tons, has been torpedoed without warning and sunk some 450 miles off the coast of Brazil. The ship was formerly of U. S. registry, and was reported armed under the Panama flag and utilized in the transport of oil to British African possessions. All but three or four of the crew of 38 were rescued, but this fresh incident nevertheless made a deep impression. Panama apparently found the use of its flag disconcerting, in the circumstances, and prohibited the arming of its merchant ships. Secretary of State Cordell Hull denounced the sinking as "another act of lawlessness, piracy and attempted frightfulness in connection with the general movement to drive people off the Atlantic as part of the world movement of conquest."

Secretary of the Navy Frank Knox last week provided a sort of preview of the post-war position that the United States should occupy, in the opinion of the Administration. He urged that defeat of the totalitarian Powers should be made the national policy and remarked that the United States as yet is contributing "only a part of our share" toward this end. After defeat of the aggressors, Mr. Knox added, the United States and Great Britain must join hands "for at least 100 years" to police the world and stop new aggressions.

The part already being played by the United States now is a matter of official secrecy, with the veil lifted only occasionally when it so suits the Administration. Two weeks after the event it was disclosed that major units of the United States Army had arrived in Iceland, in mid-September, to augment the naval forces previously landed and the British forces which, according to solemn but disregarded diplomatic statements, were to be withdrawn after arrival of our own men. No information is available regarding the Atlantic patrol, convoying and other measures taken in the step-by-step involvement of the United States in foreign war.

Moscow and Washington

Proposals of the Roosevelt Administration to extend lend-lease aid to Russia have occasioned an illuminating exchange between Washington and Moscow respecting religious tolerance in the Soviet Union. The exchange makes it fairly clear, once again, that Moscow fully maintains the attitude that religion is the opiate of the people. Religious practices are not strictly forbidden by the Communist Constitution, but proselytizing is prohibited, whereas propaganda against religion is encouraged.

These are fairly well known circumstances and they have occasioned, properly enough, a good deal of earnest opposition to the inclusion of Soviet Russia in the lend-lease scheme. With the obvious aim of tempering the opposition, President Roosevelt endeavored last week to describe the Soviet Government's attitude toward religious tolerance as much like that of the United States, under the Bill of Rights. The attempts failed dismally as spokesmen for various denominations made the facts clear. It appeared last Saturday that the religious question has been pressed at Moscow through the offices of W. Averill Harriman, head of the American mission discussing aid to Russia. An official statement was issued in the Russian capital, citing the provisions of the Soviet Constitution on this point. Nothing was gained thereby and, presumably, nothing was lost.

The problem of aid to Russia remains unsettled, meanwhile, despite the conference in Moscow of Russian, British and American representatives, which ended two days ahead of schedule, on Oct. 2. The sessions lasted only three days, instead of the five originally planned, and no explanation so far has been vouchsafed. Results, as announced in a joint Anglo-American communique and in a special Russian statement, can hardly be described as impressive, despite optimistic wording.

Although it is obvious that there has not yet been time for important deliveries of war supplies to Russia, and, despite the paucity of transportation facilities for this purpose, the Harriman-Beaverbrook statement made much of the "generous" assistance already extended, and also indicated, if words have any meaning, that Russia already has supplied Britain and America with raw materials in abundance, by way of compensation. The statement quite possibly was of the "face-saving" variety, but it nevertheless remains a curious document.

"It now has been decided," the Anglo-American statement reads, "to place at the disposal of the Soviet Government practically every requirement for which the Soviet military and civil authorities have asked. The Soviet Government has supplied Great Britain and the United States with large quantities of raw materials urgently required in those countries." The Russian Premier, Joseph Stalin, was represented as expressing thanks for "bountiful" supplies from Britain and the United States, which, in turn, "acknowledged" the ample supplies of Russian raw materials. What all of this really signifies remains a mystery.

Hitler Appeals and Reports

Breaking a silence of nearly five months, Fuehrer Adolf Hitler last Friday appeared at a Winter Relief gathering in Berlin and appealed for sacrifices by the German people, while at the same time promising them another victory in the long chain which somehow fails to lead to peace. The long address was cheered by the hand-picked supporters of the German dictator, but all reliable reports from Berlin have made it plain that the German people are gloomy and depressed, and anxious only for peace. In former speeches the German leader usually promised an early end of hostilities, but on this occasion he indicated only that the war will continue indefnitely.

The address was the first made since Russia was invaded by the German Nazis on June 22, and comments relating to that momentous event aroused some interest. Hitler spoke of vast Russian war preparations and blamed Moscow for the war, saying that he prefers to be the first to pull the trigger when he sees the enemy leveling a rifle. Charges that Russia, in formal conversations, had demanded a free hand in Finland and Bulgaria was repeated by the German spokesman, who said also that bases on the Dardanelles were asked by Moscow. The Russian demands were rejected and after that Moscow was watched carefully, Hitler said.

After Russian war preparations

(Continued on Page 520)

Non-Ferrous Metals—Lead Under Priority Control

"Metal and Mineral Markets" in its issue of Oct. 9 reported that chief interest in non-ferrous metals during the last week centered in the order that placed lead under full priority control. The regulations for lead provide for an emergency pool, which the trade believes will be established in a month or so. Zinc statistics for September disclosed that the rate of production set a new high of 2,441 tons a day. Control over distribution of copper and other strategic materials is gradually becoming tighter. In some instances, fabricators are being forced to cut deeply into inventories before obtaining additional supplies, even against defense orders. The publication further stated:

Copper

Sales of copper in the domestic market during the last week involved 28,929 tons. All of the metal available for shipment this month has not been allocated, which is interpreted in some directions as pointing to the creation of some kind of an emergency pool in copper, just as in zinc and lead. The price continued at 12c., Valley.

Demand for bonded copper for export was fair all week and the quotation held at 11½c., f.a.s. basis. There were no new developments in connection with the Chilean deal, but producers believe that negotiations for extending the contract well into 1942 will soon be concluded.

Refinery scrap intake for September totaled 2,989 tons copper, a new monthly low.

Lead

The order placing lead under full priority was announced Oct. 4, even though the supply situation had not as yet reached the acute stage. Priority status for lead was generally expected. The order caused confusion among small consumers, and clarification of the regulations will be necessary on pigments, oxide, and other products not specifically mentioned, the trade believes. Most observers feel that priorities in lead came through at this time largely as a protective measure. Over-buying will cease under official control of distribution of the metal.

Sales of lead in the domestic market for the last week, common grades only, amounted to 6,233 tons, against 2,154 tons in the week previous. The price situation was unchanged, quotations continuing at 5.85c, New York, which was also the contract settling basis of the American Smelting & Refining Co., and at 5.70c, St. Louis.

Zinc

The question of raising the price of zinc to meet higher costs is expected to be settled soon. Most observers believe that the authorities in Washington will, after completing a study of the situation, permit the price to advance moderately. Sales of the common grades for the week ended Oct. 4 amounted to 4,777 tons, with shipments of 4,563 tons. The backlog of the Prime Western division at the end of the week was 61,230 tons.

Production of slab zinc in the United States during September was 73,225 tons. The daily rate for September (2,441 tons) was the highest on record. Stocks increased to 19,427 tons. The gain in stocks does not indicate that the situation has eased, as most of the increase consists of metal earmarked for the "pool" and for export.

Smelter statistics for slab zinc in the United States covering August and September, all grades, including production from foreign ore, according to the American Zinc Institute, in tons:

	Aug.	Sept.
Stock at beginning	13,848	17,969
Production	75,524	73,225
Production, daily rate	2,436	2,441
Shipments:		
Domestic	61,061	64,673
Export (a)	10,342	7,094
Totals	71,403	71,767
Unfilled orders	68,604	67,079
Stock at end	17,969	19,427

(a) Includes duty-drawback zinc.

Output of zinc during September by grades, in tons, follows: Special High Grade, 15,767; High Grade, 15,088; Intermediate, 4,548; Brass Special, 5,570; Select, 1,453; Prime Western, 30,796.

Tin

Offerings of nearby tin were limited throughout the week, and buyers claim that little metal was available for arrival before December. The Singapore market continued firm at close to parity, with buying for account of Russia still a factor. Straits tin for prompt and forward delivery held at 52c. Not much is being said about additional controls for tin, but the trade believes that Washington is watching the situation closely and stands ready to act in the event that any questions arise that might endanger the flow of the metal from the Far East.

Straits tin for future arrival was as follows:

	Oct.	Nov.	Dec.	Jan.
Oct. 2	52.000	52.000	52.000	52.000
Oct. 3	52.000	52.000	52.000	52.000
Oct. 4	52.000	52.000	52.000	52.000
Oct. 6	52.000	52.000	52.000	52.000
Oct. 7	52.000	52.000	52.000	52.000
Oct. 8	52.000	52.000	52.000	52.000

Chinese tin, 99%, spot, was nominally as follows: Oct. 2d, 51.125c; 3d, 51.125c; 4th, 51.125c; 6th, 51.125c; 7th, 51.125c; 8th, 51.125c.

Quicksilver

Though the spot market for quicksilver has turned quiet, most sellers in New York entertain firm views on prices, and, in the majority of instances $195 and upward is being asked on small-lot business. Some nearby metal brought $193 per flask. On forward quicksilver, involving quantity business, prices are wholly nominal. Pacific Coast sellers are holding nearby metal at $190, with December at $188 to $190. Large consumers have indicated that they are not interested in first-quarter metal at prevailing quotations.

Silver

During the past week the silver market in London has been quiet, with the price unchanged at 23½d. The New York Official and the U. S. Government prices are also unchanged at 34¾c and 35c respectively.

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

Oct.	Electrolytic Copper Dom., Refy.	Electrolytic Copper Exp. Refy.	Straits Tin, New York	Lead New York	Lead St. Louis	Zinc St. Louis
2	11.775	11.450	52.000	5.85	5.70	7.25
3	11.775	11.450	52.000	5.85	5.70	7.25
4	11.775	11.450	52.000	5.85	5.70	7.25
6	11.775	11.450	52.000	5.85	5.70	7.25
7	11.775	11.450	52.000	5.85	5.70	7.25
8	11.775	11.450	52.000	5.85	5.70	7.25
Average	11.775	11.450	52.000	5.85	5.70	7.25

Average prices for calendar week ended Oct. 4 are: Domestic copper f.o.b. refinery, 11.775c; export copper, f.o.b. refinery 11.450c; Straits tin, 52.000c; New York lead, 5.850c; St. Louis lead, 5.700c; St. Louis zinc, 7.250c; and silver, 34.750c.

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

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

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atantic 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: Oct. 2, spot, £256; three months, £260¾; Oct. 3, spot, £256¼, three months, £260¼; Oct. 6, spot, £256, three months, £260½; Oct. 7, spot £256, three months, £260¼; and Oct. 8, spot, £256, three months, £259¾.

Labor Bureau's Wholesale Price Index Is Again Down Slightly During Sept. 27 Week

With further declines in market prices for domestic agricultural commodities, the Bureau of Labor Statistics' comprehensive wholesale price index of nearly 900 price series dropped 0.3% during the last week of September, Acting Commissioner Hinrichs reported on Oct. 2. "Prices for certain industrial goods continued to advance," Mr. Hinrichs said. The Bureau's index, at 91.2% of the 1926 average, is 0.4% below the 11½-year peak reached in mid-September and 17.4% above last year at this time.

The Labor Bureau's announcement further reported:

The reaction in prices of farm products continued, with a decline of 1.4% during the week. Average wholesale prices for foods fell 1%. Each of the remaining 8 major groups of commodities, except metals and metal products, rose fractionally. The increases ranged from 0.1% for fuel and lighting materials to 0.8% for building materials.

Outstanding price changes in agricultural commodity markets were declines of 3.5% for cattle feed and 1.6% for grains. Quotations for livestock and poultry dropped 1% and meat prices were down 2% and seasonal declines brought average prices for fruits and vegetables down 2.4%. Quotations were lower for all grains for calves and hogs and for cotton, flaxseed, oranges, beans, and potatoes. Steers, sheep and wool advanced. Weakening prices for grains were reflected in lower quotations for flour, corn meal, and oatmeal. Most meats, except fresh beef in the New York market were lower. Prices for butter dropped 1.2%; lard declined 0.9%; and imported foods such as coffee, pepper and cocoa beans also declined. Prices were higher for eggs, lemons, dried fruits and most edible oils.

Price changes in industrial commodity markets were relatively narrow under the influence of government regulation. Earlier advances in prices for hides, skins and leather were reflected in slightly higher prices for shoes. Prices for cotton goods, particularly muslin and sheeting, and for bedding moved higher. Woolen and worsted materials and jute also advanced.

The index for lumber rose 2.1% and is 24½% higher than it was at this time last year. Higher prices were reported for maple flooring, for most types of Douglas fir, for yellow pine drop siding, for Ponderosa and Idaho pine, and for redwood. Lower prices were reported for oak flooring and for most types of yellow pine lumber. Prices for paint and paint materials advanced sharply, and quotations were also higher for prepared roofing and for roofing slate.

Pronounced increases occurred in prices for carbon bisulfide, and for castor oil. Copra and other industrial fats and oils continued to advance. With this week's increase of 2.6%, the average prices of fats and oils are up 133% over a year ago.

Prices for cylinder oil, paraffin wax and soap continued to rise.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Aug. 30, 1941 and for Sept. 28, 1940 and the percentage changes from a week ago, and a year ago (2) percentage changes in subgroup indexes from Sept. 20 to Sept. 27, 1941.

(1926=100)

Commodity groups	9-27 1941	9-20 1941	9-13 1941	8-30 1941	9-29 1940	Percentage changes to Sept. 27, 1941, from 9-20 1941	8-30 1941	9-28 1940
All commodities	91.2	91.5	91.6	90.6	77.7	—0.3	+0.7	+17.4
Farm products	89.9	91.2	91.6	88.6	65.7	—1.4	+1.5	+36.8
Foods	87.6	88.5	89.1	88.2	70.8	—1.0	—0.7	+23.7
Hides and leather products	112.3	111.7	111.4	110.9	99.3	+0.5	+1.3	+13.1
Textile products	89.6	89.2	88.7	87.6	72.1	+0.4	+2.3	+24.3
Fuel and lighting materials	80.1	80.0	80.0	79.8	71.8	+0.1	+0.4	+11.6
Metals and metal products	98.7	98.7	98.7	98.7	95.7	0.0	0.0	+ 3.1
Building materials	107.0	106.2	105.9	105.7	95.8	+0.8	+1.2	+11.7
Chemicals & allied products	89.1	87.8	87.3	85.8	76.7	+0.3	+2.7	+14.1
Housefurnishing goods	98.3	98.0	97.9	96.9	90.0	+0.3	+1.4	+ 9.2
Miscellaneous commodities	85.1	85.0	84.9	84.1	76.1	+0.1	+1.2	+11.8
Raw materials	89.0	89.8	90.0	88.1	70.0	—0.9	+1.0	+27.1
Semimanufactured articles	90.3	90.1	89.9	89.7	78.3	+0.2	+0.7	+15.3
Manufactured products	92.7	92.8	93.0	92.2	81.6	—0.1	+0.5	+13.6
All commodities other than farm products	91.5	91.6	91.7	91.0	80.4	—0.1	+0.5	+13.3
All commodities other than farm products and foods	92.0	91.8	91.6	91.1	82.6	+0.2	+1.0	+11.4

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM SEPT. 20 to SEPT. 27, 1941

Increases

Oils and fats	2.6	Woolen and worsted goods	0.4
Lumber	2.1	Furniture	0.4
Paint and paint materials	1.0	Anthracite	0.2
Cotton goods	0.8	Furnishings	0.2
Leather	0.7	Other textile products	0.1
Shoes	0.5	Chemicals	0.1
Clothing	0.5	Other building materials	0.1
Other miscellaneous	0.5	Drugs and pharmaceuticals	0.1

Decreases

Cattle feed	3.5	Grains	1.6
Fruits vegetables	2.4	Livestock and poultry	1.0
Meats	2.0	Fertilizer materials	0.5
Other farm products	1.8	Dairy products	0.3
Cereal products	0.2		

Moody's Commodity Index Declines

Moody's Daily Commodity Index declined from 213.9 a week ago to 212.9 this Tuesday. The principal individual changes were the lower wheat prices and the gain for cotton.

The movement of the index has been as follows:

Tuesday, Sept. 30	213.9
Wednesday, Oct. 1	215.2
Thursday, Oct. 2	214.6
Friday, Oct. 3	213.8
Saturday, Oct. 4	214.2
Monday, Oct. 6	214.5
Tuesday, Oct. 7	212.9
Two weeks ago, Sept. 23	214.3
Month ago, Sept. 7	217.1
Year ago, Oct. 7	161.2
1940—High—Dec. 31	171.8
Low—Aug. 16	149.3
1941—High Sept. 9	219.9
Low—Feb. 17	171.6

Foreign Front

(Continued from Page 519)

convinced him of the imminence of an attack, the German forces struck at Russia, Herr Hitler continued. All the activities of the Germans proceeded "according to plan," and the Nazis were said to have captured 2,500,000 Russian prisoners, and captured or destroyed 22,000 guns, 18,000 tanks and 14,500 airplanes. Russia, according to Hitler, is "already broken and will never rise again." He praised lavishly the German soldiers who made long forced marches into Russian territory, and also spoke warmly of the Luftwaffe and the German Panzer divisions.

Hitler not only dilated on the progress already made by German arms against Russia, but also disclosed that another immense battle was developing. "In the few hours in which I can be here," he said, "a new, gigantic event is taking place on our eastern front. For the last 48 hours an operation of gigantic proportions is again in progress, which will help to smash the enemy in the East." The only mistake made with respect to Russia, the German Fuehrer declared, was in under-estimates of the vast strength in armaments accumulated by the Soviet Union.

In the large Russian area already occupied by German forces a new Administration is being organized, and the problems of transportation and production already are being tackled, Hitler announced. If the war lasts much longer, Germany and her allies will make use of this territory. Although in earlier utterances the Fuehrer usually claimed that he was settling things for 1,000 years, the current decision was proclaimed to be merely for 100 years.

The war in the West received scant attention in the address and the United States was not even mentioned, directly. Hitler again stated that he always had desired peace with Great Britain. He attributed his rather notable lack of success to a small group of men in England. The Germans were asked not to pay heed to claims of vast military outlays and preparations elsewhere, which presumably refers to American measures. Italy and Japan received praise in the speech, and similar comments were made about the nationals and neighboring countries who are aiding the Nazis in their crusade against Russia.

Russian Crisis

Every indication now points to another, and perhaps crucial, test of the Russian defense against the onrushing hordes of Nazi soldiers sent by Chancellor Hitler toward the East on June 22. According to comments by the German Fuehrer, the latest push began Oct. 1, and the fragmentary reports of recent days suggest that Moscow itself, may be the objective of the newest drive. At the same time, the Germans resumed their push along the shores of the Black Sea. Only at Leningrad and Odessa is the situation still unchanged, with the besieged forces holding grimly in the face of vast attacks by the Germans and their allies.

Official German military statements remained laconic all week, the familiar phrase recurring again and again that operations are proceeding "according to plan." Russian High Command communiques have been little more informative, save for the desperate fighting around the besieged cities at the two extreme ends of the line. A fierce counter-attack at Leningrad was attempted by the Russian defenders, early this week, but apparently attained little success. The Rumanians are chief holders of the aggressor front at

Odessa, and the fighting there is so costly that 12 Rumanian general officers are rumored to have petitioned the Bucharest Government to end its participation in the war. The 12 Generals also are rumored to have been shot.

In view of the brief official disclosures, information as to the actual situation on much of the vast Russian front cannot be regarded as accurate. Through diplomatic sources, however, the British appear to realize that vast battles are developing eastward of the acknowledged line of the contest. The Russians admit that new military moves of importance are in progress and the announcement by Hitler cannot be disregarded. What the outcome may be possibly depends partly upon the weather, for wintry blasts already begin to sweep over some parts of Russia. The Nazis, however, are quite well aware of this, and too much reliance cannot be placed upon General Winter to defeat the invaders.

Unofficial reports suggest that the Germans have started a major encircling movement from widely separate points, which may well have the Russian capital as the objective. Two vast columns are reported to be stretching out Panzer tentacles from the Valdai hills, near Lake Ilmen, and from Roslavl, south of Smolensk. Each of these points is some 220 miles from Moscow, and the edge of the fan-shaped sector runs 375 miles in length. In the center of the sector the Russians recently were reported thrusting the Germans back, which introduces the possibility that the Nazi retreat was part of the plan now unfolding.

Rumors from neighboring countries yesterday were to the effect that the Germans were driving ahead heedlessly and rapidly, while suffering enormous losses. In the first full week of the push they are rumored to have approached to within 100 miles of Moscow. Some 2,000,000 to 3,000,000 men are believed to be engaged in the vast operation, on the German side, and not even a vague guess is available as to the strength of the defenders. It is clear, however, that the Russians do not lack manpower, much as they might suffer from inadequate and insufficient equipment and munitions.

Soviet Russian spokesmen admitted, Tuesday, that they are mobilizing the entire strength of Russia to meet the assault, which was described by the propagandists in Moscow as an attempt by Hitler to achieve a major success before the winter sets in. "The Germans probably have several hundred thousand men they wish to lose, and they shall achieve their aim," the Russian spokesman remarked.

That the Germans are not abandoning their Black Sea enterprise was indicated by unofficial reports of the capture by the Nazis of Mariupol, deep in the Southern Ukraine and only 100 miles from Rostov. There were few reports of fighting in the Kharkov area, possibly because the Nazis are concentrating too much strength in the center and the extreme South. It is clear that the military map is rapidly changing and that the Russian situation now is becoming desperate.

British efforts to halt the Finnish war against Russia now must be accounted useless, despite admissions by Secretary of State Cordell Hull, Tuesday, that the United States Government also has made representations. The Finnish Government disclosed, Monday, that a reply to London emphasied the defensive nature of the conflict. from the Finnish viewpoint. The small Scandinavian country is grateful, the note added, that it is not fighting

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Bonds Gain Moderately

All classes of corporate bonds have firmed up this week and Treasury issues have also strengthened. On Thursday the Treasury is to offer a total of $1,500,000,000 in bonds, of which $204,000,000 will be in exchange for maturing notes, $100,000,000 purchased for Government trusts funds, and $1,200,000,000 sold to the public. The coupon rate and maturity are to be announced with the offering on Thursday. This is the largest offering for cash since the Liberty Loan issues in 1917-18.

High-grade railroad bonds have been exhibiting a better price behavior and gains have prevailed. Pennsylvania Railroad 5s, 1968, advanced 1¼ to 112, and Chesapeake & Ohio 4½s, 1992, picked up ⅜ at 131½. Medium-grade rails, together with the more speculatively situated railroad bonds, have been displaying an upward tendency. Among the issues in the former group, Canadian Pacific 5s, 1954, at 88⅝ were up 1⅝ while in the latter category, New York Central 4½s, 2013, were ⅞ higher at 51⅞. Defaulted rails have been higher but in sympathy with lower stock prices weakened toward the close of the week under review.

High-grade utility bonds have moved ahead, many issues including Cleveland Electric Illuminating 3s, 1970, Boston Edison 2¾s, 1970, Pacific Tel. & Tel. 3¼s, 1966, and Southern California Edison 3s, 1968, reaching peak levels for the year. Lower grades have acted well, demand for Associated Electric 4½s, 1953, and others having been noticeable. Speculative issues gave ground later in the week, affected of course by a declining equity market.

The high light of the week in the industrial section of the list has been the sharp gain of 15⅜ points to 99⅞ registered by the International Mercantile Marine 6s, 1941, on announcement last Saturday that the R.F.C. would supply sufficient funds to pay in cash the entire principal of these over-due bonds. Excepting for weakness displayed by the sugar bonds, the rest of the list has been generally better. Steels have shown mixed fractional changes, with the up side favored; the Youngstown 3¼s, 1960, gained 1⅝ points at 102⅛. Oils have acted must the same as steel company obligations, with the Texas Corporation 3s, 1965, a high-grade issue, gaining a point at 107¼. Meat packing company obligations have been steady to fractionally higher, and in the miscellaneous classification the Remington Rand new 3½s, 1956, commenced trading with a high of 103 and a low of 102⅝. The original offering price of the latter was 103¾.

Foreign bonds have continued irregular with some strong spots in the South American list among Buenos Aires and Brazilian issues. Cuban bonds have continued firm while Panama 3¼ declined fractionally. Canadian loans eased off slightly while among Australian bonds the State of Queensland 6s relinquished 3 points. Norwegian and Belgian issues have been well supported but Danish bonds have turned weaker.

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

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

1941 Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus.
Oct. 7	119.15	108.16	118.40	115.43	109.24	92.20	97.31	112.19	116.22
6	119.13	107.98	118.40	115.24	109.06	92.20	97.31	112.00	116.02
4	119.17	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02
3	119.21	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
2	119.17	107.80	118.20	115.43	109.06	91.62	97.00	112.00	115.82
1	119.11	107.80	118.20	115.24	108.88	91.62	96.85	112.00	115.82
Sept 24	118.95	107.44	118.00	114.85	108.70	91.19	96.69	111.81	115.43
17	118.82	107.62	118.20	114.66	108.70	91.48	96.69	111.62	115.43
12	119.02	107.62	118.00	114.66	108.70	91.62	97.00	111.81	115.24
5	119.13	107.80	118.20	114.85	108.88	95.06	97.31	112.00	115.24
Aug. 29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
22	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
15	118.90	107.80	118.00	115.04	108.70	91.91	97.31	112.00	115.04
8	119.20	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
1	119.56	107.80	118.20	115.24	108.52	92.06	97.47	112.00	115.24
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
18	119.47	107.62	118.20	115.04	108.34	91.91	97.46	112.00	115.04
11	119.46	107.62	118.20	115.04	108.16	91.91	97.16	111.81	115.04
3	119.55	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
June 27	119.45	107.44	118.00	114.66	107.80	91.77	97.16	114.44	114.66
20	119.02	107.09	117.80	114.46	107.62	91.48	97.00	111.44	114.27
13	118.97	106.92	117.60	114.08	107.44	91.48	97.00	111.25	113.89
6	118.81	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.31
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
23	118.35	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93
16	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.52	112.75
9	118.45	106.36	116.80	113.12	106.92	91.62	97.00	110.52	112.93
2	118.66	106.39	117.00	112.93	106.74	91.34	96.85	110.52	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
18	118.28	105.86	116.41	112.56	106.39	90.91	96.54	110.15	112.00
10	117.36	105.69	116.41	112.19	106.21	90.77	96.54	109.79	111.81
4	117.55	106.04	116.80	112.37	106.21	91.48	97.00	109.97	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
21	117.85	106.21	117.00	112.93	106.56	90.77	96.54	110.15	112.75
14	117.77	106.21	117.40	113.31	106.56	90.48	96.54	109.97	113.31
7	116.90	106.04	117.40	113.31	106.39	90.20	96.23	109.97	113.12
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
21	116.06	105.52	117.00	112.75	106.04	89.52	95.62	109.60	112.75
14	116.24	105.86	117.60	113.12	106.21	89.64	95.92	109.60	113.12
7	116.52	106.21	117.80	113.31	106.39	90.20	95.54	109.79	113.31
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
24	117.64	106.56	117.60	113.89	106.56	90.77	97.16	109.97	113.50
17	118.06	106.56	118.20	113.89	106.56	90.48	96.69	110.15	113.89
10	118.03	106.56	118.20	114.27	106.56	90.34	96.69	110.15	114.08
3	118.65	106.39	118.40	114.46	106.39	89.78	95.92	110.15	114.46
High 1941	119.62	108.16	118.60	115.43	109.24	92.35	97.62	112.00	116.22
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.63
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	86.38	105.52	106.56
1 Yr. Ago									
Oct. 7, 1940	116.95	104.66	117.20	112.75	104.31	87.99	93.82	109.97	111.44
2 Yrs. Ago									
Oct. 7, 1939	110.06	97.62	109.06	105.17	95.92	83.15	88.27	101.64	103.97

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

1941 Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Oct. 7	3.27	2.73	2.88	3.21	4.26	3.92	3.05	2.84
6	3.28	2.73	2.89	3.22	4.26	3.92	3.06	2.85
4	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85
3	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
2	3.29	2.74	2.88	3.22	4.30	3.94	3.06	2.86
1	3.29	2.74	2.89	3.23	4.30	3.95	3.06	2.86
Sept 24	3.31	2.75	2.91	3.24	4.33	3.96	3.07	2.88
17	3.30	2.74	2.92	3.24	4.31	3.96	3.08	2.88
12	3.30	2.75	2.92	3.24	4.30	3.94	3.07	2.89
5	3.29	2.74	2.91	3.23	4.27	3.92	3.06	2.89
Aug. 29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
22	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
15	3.29	2.75	2.90	3.24	4.28	3.92	3.06	2.90
8	3.28	2.74	2.89	3.24	4.26	3.91	3.06	2.89
1	3.29	2.74	2.89	3.25	4.27	3.91	3.06	2.89
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
18	3.30	2.74	2.90	3.26	4.28	3.93	3.06	2.90
11	3.30	2.74	2.90	3.27	4.28	3.93	3.07	2.90
3	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.92
20	3.33	2.76	2.93	3.30	4.31	3.94	3.09	2.94
13	3.34	2.77	2.95	3.31	4.31	3.94	3.10	2.96
6	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.99
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
23	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01
16	3.37	2.82	2.99	3.34	4.32	3.95	3.14	3.02
9	3.36	2.81	3.00	3.34	4.30	3.94	3.14	3.01
2	3.37	2.80	3.01	3.35	4.32	3.95	3.14	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.05
18	3.40	2.83	3.03	3.37	4.35	3.97	3.16	3.06
10	3.41	2.83	3.05	3.38	4.36	3.97	3.18	3.07
4	3.39	2.81	3.04	3.38	4.31	3.94	3.17	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
21	3.38	2.80	3.01	3.36	4.36	3.97	3.46	3.02
14	3.38	2.78	2.99	3.36	4.38	3.97	3.17	2.99
7	3.39	2.78	2.99	3.37	4.40	3.99	3.17	3.00
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
21	3.42	2.80	3.02	3.39	4.45	4.03	3.19	3.02
14	3.40	2.77	3.00	3.38	4.44	4.01	3.19	3.00
7	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
24	3.36	2.77	2.96	3.36	4.36	3.93	3.17	2.98
17	3.36	2.74	2.96	3.36	4.38	3.96	3.16	2.96
10	3.36	2.74	2.94	3.36	4.39	3.96	3.16	2.95
3	3.37	2.73	2.93	3.37	4.43	4.01	3.16	2.93
High 1941	3.42	2.84	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.27	2.72	2.88	3.21	4.25	3.90	3.06	2.84
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.36
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 Year Ago—								
Oct. 7, 1940	3.47	2.79	3.02	3.49	4.56	4.15	3.17	3.09
2 Years Ago—								
Oct. 7, 1939	3.90	3.22	3.44	4.01	4.93	4.54	3.65	3.51

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

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Fertilizer Association Commodity Price Index Resumes Advance After Two Weeks Decline

The general level of wholesale commodity prices turned upward last week after receding slightly in each of the two preceding weeks, according to the price index compiled by The National Fertilizer Association. This index in the week ended Oct. 4, 1941, rose to 117.2 from 116.5 in the preceding week. A month ago it was 115.3 and a year ago it stood at 96.9% of the 1935-1939 average. The all-commodity index is now 20.9% above the corresponding week of 1940 and is 17% higher than in January of this year. An announcement issued by the Association Oct. 6 continued:

An advance in the food price average was due principally to higher meat prices; dairy products were slightly lower. In the farm products group cotton prices moved to higher levels along with grains and poultry, while livestock quotations declined. The net result of these price changes was an upturn in the farm products price index. Price rises in raw cotton and woolen yarn were responsible for an increase in the textile index. The building material average advanced due to a rise in southern pine. A sharp increase in the price of grain alcohol to cover the new excise tax together with an increase in castor oil resulted in a moderate upturn in the chemical and drug price index. The index representing the prices of miscellaneous commodities was somewhat higher last week as lubricating oil and cottonseed meal quotations more than offset declines in paper board and cattle feed. The only group index to decline was the metal average, which fell off fractionally due to a drop in the price of aluminum.

During the week 22 price series included in the index advanced and 16 declined; in the preceding week there were 17 advances and 21 declines; in the second preceding week there were 37 advances and 21 declines.

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

% Each Group Bears to the Total Index	GROUP	Latest Week Oct. 4 1941	Preceding Week Sept. 2 1941	Month Ago Aug. 30 1941	Year Ago Oct. 5 1940
25.3	Foods	114.0	r113.7	112.5	90.4
	Fats and Oils	130.3	129.2	122.0	63.7
	Cottonseed Oil	159.6	155.0	143.6	61.6
23.0	Farm Products	118.4	117.9	118.3	86.0
	Cotton	161.6	157.1	156.9	87.8
	Grains	108.6	108.1	105.2	82.6
	Livestock	112.2	112.5	114.2	85.4
17.3	Fuels	110.8	110.8	110.6	101.6
10.8	Miscellaneous Commodities	127.5	125.7	124.4	108.5
8.2	Textiles	139.3	138.4	136.9	104.1
7.1	Metals	103.5	103.8	103.8	102.8
6.1	Building Materials	131.0	127.6	119.5	109.1
1.3	Chemicals and Drugs	111.9	107.6	106.3	103.5
.3	Fertilizer Materials	114.3	114.3	112.7	103.9
.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	117.2	116.5	115.3	96.9

*Base period changed Jan. 4 from 1926-1928 average to 1935-39 average as 100. Indexes on 1926-1923 base were: Oct. 4, 1941, 91.3; Sept. 27, 1941, 90.8; Oct. 5, 1940. 75.5. r Revised

Coffee Imports

The Bureau of Customs announced on Sept. 30 preliminary figures for imports of coffee subject to quota limitations under the President's proclamation of the Inter-American Coffee Agreement on April 15, 1941, as of Sept. 27, 1941.

Country of Production: Quota Period—12 Mos. from Oct. 1, 1940:	Revised* Quota (lbs.)	Ent. for Consump. Sept. 27. 1941 Pounds
Dominican Republic	16,581,987	†
Guatemala	73,928.131	†
Venezuela	58,037,021	†
Colombia	435.277,855	†
Costa Rica	27,636,689	†
Ecuador	20,727,517	†
Haiti	38,000,514	†
Brazil	1,285,106,049	†
Peru	3,454,520	†
Cuba	11,054,702	†
El Salvador	82,910,068	77,350,256
Honduras	2,763,642	2,489,800
Nicaragua	26,945,812	23,919,638
Mexico	65,637,203	62,248,661
Non-signatory countries:		
All types of coffee	49,055,084	†

*Quotas increased by Inter-American Coffee Board, effective Aug. 11, 1941. †Import quota filled.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 3 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. 20, 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. 20 (in round-lot transactions) totaled 679,770 shares, which amount was 17.69% of total transactions on the Exchange of 3,756,160 shares. This compares with member trading during the previous week ended Sept. 13 of 649,015 shares or 17.64% of total trading of 3,664,950 shares. On the New York Curb Exchange, member trading during the week ended Sept. 20 amounted to 147,515 shares, or 16.90% of the total volume on that Exchange of 771,460 shares; during the preceding week trading for the account of Curb members of 144,190 shares was 16.65% of total trading of 773,310 shares.

The Commission made available the following data for the week ended Sept. 20:

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	776
1. Reports showing transactions as specialists	188	98
2. Reports showing other transactions initiated on the floor	199	41
3. Reports showing other transactions initiated off the floor	233	84
4. Reports showing no transactions	555	563

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. 20, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	102,680	
Other sales b	3,653,480	
Total sales	3,756,160	
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	310,540	
Short sales	53,770	
Other sales b	271,580	8.46
Total sales	325,350	
2. Other transactions initiated on the floor		
Total purchases	216,540	
Short sales	19,600	
Other sales b	198,940	5.79
Total sales	218,540	
3. Other transactions initiated off the floor		
Total purchases	122,330	
Short sales	17,350	
Other sales b	118,530	3.44
Total sales	135,880	
4. Total		
Total purchases	649,410	
Short sales	90,720	
Other sales b	589,050	17.69
Total sales	679,770	

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)
Week Ended Sept. 20, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	18,155	
Other sales b	753,305	
Total sales	771,460	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	68,765	
Short sales	9,530	
Other sales b	92,700	11.08
Total sales	102,230	
2. Other transactions initiated on the floor		
Total purchases	21,905	
Short sales	700	
Other sales b	17,780	2.62
Total sales	18,480	
3. Other transactions initiated off the floor		
Total purchases	22,635	
Short sales	1,825	
Other sales b	24,980	3.20
Total sales	26,805	
4. Total		
Total purchases	113,305	
Short sales	12,055	
Other sales b	135,460	16.90
Total sales	147,515	
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	0	
Customers' other sales c	51,710	
Total purchases	51,710	
Total sales	27,846	

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

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total 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."

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 Oct. 6 as follows:

(August, 1939=100)

	Argentina	Australia	Canada	England	Java	Mexico	New Zeal'd	Sweden	Switzerland	United States
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	166	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	r139	121	143	r156	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	r145	*156	137	131	123	156	---	144
Sept. 27	141	122	145	*156	138	132	123	156	---	143

* Preliminary. r Revised

August Automobile Factory Sales

A decrease of 67 percent in factory sales of automobiles for August 1941 as compared with July 1941 is indicated by the statistics released Sept. 29 by Director J. C. Capt, Bureau of the Census, Department of Commerce.

Factory sales of automobiles manufactured in the United States, including complete units or vehicles reported as assembled in foreign countries from parts made in the United States, for August 1941 consisted of 147,600 vehicles, of which 78,529 were passenger cars and 69,071 commercial cars, trucks, or road tractors, as compared with 444,241 vehicles in July 1941, 75,873 vehicles in August 1940, and 99,868 vehicles in August 1939. These statistics comprise data for the entire industry.

Statistics for 1941 are based on data received from 69 manufacturers in the United States, 20 making passenger cars and 63 making commercial cars, trucks, or road tractors (14 of the 20 passenger car manufacturers also making commercial cars, trucks, or road tractors). It should be noted that those making both passenger cars and commercial cars, trucks, or road tractors have been included in the number shown as making passenger cars and in the number shown as making commercial cars, trucks, or road tractors, respectively. The figures for passenger cars include those for taxicabs. The figures for commercial cars, trucks, and road tractors include those for ambulances, funeral cars, fire apparatus, street sweepers, station wagons, and buses, but the number of such special purpose vehicles is very small and hence a negligible factor in any analysis for which the figures may be used. Canadian production figures are supplied by the Dominion Bureau of Statistics. Figures for previous months appeared in our issue of Aug. 30, page 1193.

NUMBER OF VEHICLES (INCLUDING CHASSIS)

Year and month	United States (Factory Sales) Total (all vehicles)	Passenger cars	Trucks, etc.	Canada (Production) Total	Passenger cars	Commercial cars and trucks
1941—						
July	*444,241	343,748	*100,493	24,654	3,849	20,805
August	147,600	78,529	69,071	17,192	3,160	14,032
Total (8 mos. end. Aug.)	3,587,723	2,849,879	737,844	194,717	72,208	122,509
1940—						
July	231,703	168,769	62,934	14,468	3,397	11,071
August	75,873	46,823	29,050	13,993	1,510	12,483
Total (8 mos. end. Aug.)	2,736,104	2,243,022	493,082	139,373	77,193	62,180
1939—						
July	209,359	150,738	58,621	9,241	5,112	4,129
August	99,868	61,407	38,461	3,475	1,068	2,407
Total (8 mos. end. Aug.)	2,271,216	1,794,296	476,920	106,475	76,148	30,327

*Revised.

Foreign Front

(Continued from Page 521)

alone. Great Britain possibly will declare war against Finland, since that country insists on continuing its conflict with Britain's ally. Such an event would not be stranger than some others which have developed in this strange war.

Middle East

Military attention obviously will shift sharply to the Middle East, if the German Nazis attain their apparent objectives and either force the Russian Communists to sue for peace or drive them east of the Urals. Vast German land attacks on the British lifeline to the East no longer are to be ruled out, and they may even develop this coming winter. Prime Minister Winston Churchill is the excellent authority for this assumption, since fighting on a long front from the Caspian to the Nile was predicted for 1942, in a message sent by Mr. Churchill, Monday, to British forces which began war games on the Northwest Frontier of India. In this great area the British Empire forces hold sway and the war games, in themselves, are indicative of the preparations being made.

In the Mediterranean region the battle of the air and the sea continued, with decisive results not yet apparent. Hammer blows were struck by the British air forces and submarines against Italian towns and shipping, and the destruction wrought is said to be immense. The Italians, meanwhile, are feeling the pinch of war more and more, and full rationing of all products finally was announeed in Rome, last Friday. Turkey continues to sit on the fence, with British and Axis representatives still doing their utmost to influence Ankara toward their respective viewpoints. Trade agreements of various sorts are said to be under negotiation in Ankara, but they may cloak more important developments.

Anglo-German Conflict

Few changes were reported in recent days in the long-distance, tit-for-tat war that Great Britain and the German Reich are conducting directly against each other. The British, of course, are understood to be extending much material assistance to Russia, and this effort possibly outweighs the direct fighting, for the time being. No indication of an invasion attempt is available from either side, and it becomes more probable day by day that the winter struggle will be along the lines now witnessed.

British aerial raids on the French invasion coast and on German industrial towns and ports would seem to have tapered off, to a degree, from the extraordinarily high rate of activities noted in September. The weather may account for this, and it also is possible that the Nazis are putting up a stronger aerial defense. German bombing planes blasted five British towns, last Friday, and inflicted considerable damage. London pointed out that the Germans lost 10% of their attacking force. If this also approximates the British rate of loss in the extensive raids over the Continent, the British may need some recoupment. Dog-fights high over the English Channel are now reported with some frequency, which may or may not be indicative of a changed situation in relative strengths.

The war at sea shows signs of increasing grimness, despite the recent assertion by Prime Minister Churchill that losses of merchant ships in the summer months were comparatively modest. Delayed reports from Iceland suggest far more Nazi submarine activity than was suggested by the British spokes-

man. British and American naval officers in Iceland were said to regard the situation as "critical." That the submarines are ranging far afield is shown by the sinking of the Panamanian tanker I. C. White, some 450 miles off Brazil.

A poignant incident of the great conflict was the ineffectual effort to arrange an exchange of incapacitated British and German prisoners of war. Direct radio communications between the adversaries advanced matters to the point where prisoners were assembled on board two hospital ships in Newhaven, England. But the attempt failed when the Germans insisted on a man-for-man exchange, while the British preferred to call for an exchange by categories. Under the latter system far more Britishers would be repatriated than Germans, it seems.

Sabotage Front

Deep discontent is quite understandable in the huge area of Europe now under the heels of the Nazis and Fascists, and all reports continue to reflect the "slow-work" programs and other methods developed for sabotaging the occupying forces. The French area of German domination and the Low Countries seem to have quieted to a degree. Subversive activity continues, however, and fresh executions by the Nazis may be reported soon. Czechoslovakia remains a hot-bed of trouble for the invaders, and Norway is being threatened with mass starvation if the small Scandinavian country fails to comply with German wishes.

Even the Baltic States of Lithuania, Estonia and Latvia, which reputedly greeted the Germans as "liberators" last June, now are said in Washington diplomatic circles to be disillusioned. Serbian disaffection reached the point where sizable military forces had to be dispatched by the Germans to regain control. In the mountainous country full control still seems beyond the reach of the Nazis, for some 650 Germans now are reported held by the Serbians as hostages. According to Moscow, a "certain number" of Russian airplanes have been dispatched to the assistance of the rebellious Yugoslavians. Greece, also is in turmoil.

Latin-America

Swift progress is being made in many ways toward that political and economic integration of the American Republics which finds expression in the "Good Neighbor" policy, stemming from Washington. Trade relations of the United States and the Latin-American countries unquestionably show vast improvement. Not only is this country absorbing enormous amounts of raw materials and agricultural goods from the other American Republics, but higher prices also are being paid in such leading items as coffee and sugar. Priorities in the United States apparently are making it difficult for the Latin-Americans to buy all the manufactures they might wish to obtain, and the consequence is a rapid accumulation of dollar exchange in the vast area south of the Rio Grande.

There is, of course, an obvious and advisable use to which the Latin-Americans might put their growing dollar resources. The default situation on Latin-American dollar bonds plainly should be bettered. With few exceptions the Latin-American debtors have been flagrantly lax in this respect, and the position is one that our Washington authorities should bear in mind when negotiating still more advantages for the Latins.

(Continued on Page 524)

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	453,518	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	857,732	726,460	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	--
September	642,879	630,524	578,402	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	161,295	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	504,786	88	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	92	81
July 26	182,603	160,609	572,532	92	82
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	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
Sept. 27	155,473	163,915	578,402	98	85

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.

Member Bank Condition Statement

In the following will be found the comments of the Board of Governors of the Federal Reserve System respecting the returns of the entire body of reporting member banks of the Federal Reserve System for the week ended with the close of business Sept. 24.

The condition statement of weekly reporting member banks in 101 leading cities shows the following principal changes for the week ended September 24: An increase of $27,000,000 in commercial, industrial and agricultural loans, and decreases of $49,000,000 in reserve balances with Federal Reserve Banks, $84,000,000 in balances with domestic banks, and $155,000,000 in deposits credited to domestic banks.

Commercial, industrial and agricultural loans increased $15,000,000 in New York City and $27,000,000 at all reporting member banks.

Holdings of United States Government direct and guaranteed obligations declined $47,000,000 in the Chicago district and $11,000,000 at all reporting member banks and increased $36,000,000 in New York City.

Demand deposits-adjusted increased $35,000,000 in New York City, $21,000,000 in the Philadelphia district, $14,000,000 in the Richmond district and $15,000,000 at all reporting member banks and declined $16,000,000 in the San Francisco district and $12,000,000 in the Cleveland district.

Deposits credited to domestic banks declined $55,000,000 in New York City, $38,000,000 in the Chicago district and $155,000,000 at all reporting member banks.

A summary of the principal assets and liabilities of reporting member banks together with changes for the week and the year ended Sept. 24, 1941, follows:

Assets—	Sept. 24, 1941 $	Increase (+) or Decrease (—) Sept. 17, 1941 $	Sept. 25, 1940 $
Loans and Investments—total	29,120,000,000	+ 22,000,000	+4,954,000,000
Loans—total	10,954,000,000	+ 37,000,000	+2,265,000,000
Commercial, industrial and agricultural loans	6,389,000,000	+ 27,000,000	+1,814,000,000
Open market paper	393,000,000	— 1,000,000	+ 98,000,000
Loans to brokers and dealers in securities	481,000,000	+ 12,000,000	+ 66,000,000
Other loans for purchasing or carrying securities	437,000,000	--------	— 25,000,000
Real estate loans	1,258,000,000	— 2,000,000	+ 35,000,000
Loans to banks	40,000,000	--------	+ 5,000,000
Other loans	1,956,000,000	+ 1,000,000	+ 272,000,000
Treasury bills	814,000,000	— 30,000,000	+ 195,000,000
Treasury notes	2,294,000,000	+ 7,000,000	+ 238,000,000
U. S. bonds	7,962,000,000	+ 5,000,000	+1,434,000,000
Obligations guaranteed by U. S. Gov't	3,327,000,000	+ 7,000,000	+ 751,000,000
Other securities	3,769,000,000	— 4,000,000	+ 71,000,000
Reserve with Federal Reserve Banks	10,830,000,000	— 49,000,000	— 786,000,000
Cash in vault	559,000,000	+ 8,000,000	+ 51,000,000
Balances with domestic banks	3,592,000,000	— 84,000,000	+ 344,000,000
Liabilities—			
Demand deposits—adjusted	24,390,000,000	+ 15,000,000	+3,310,000,000
Time deposits	5,431,000,000	+ 1,000,000	+ 79,000,000
U. S. Government deposits	627,000,000	+ 12,000,000	+ 98,000,000
Interbanks deposits:			
Domestic banks	9,552,000,000	—155,000,000	+1,011,000,000
Foreign banks	626,000,000	+ 13,000,000	— 66,000,000
Borrowings	1,000,000	--------	--------

Volume of Bankers Acceptances Decreased Federal Reserve Bank of N. Y. Reports

The volume of bankers' dollar acceptances decreased during August by $12,427,000 to $197,472,000 on Aug. 30, according to the monthly report of the Acceptance Analysis Unit of the Federal Reserve Bank of New York issued Sept. 19. As compared with a year ago the Aug. 30 total is $15,659,000 above that of Aug. 31, 1940, when the acceptances outstanding amounted to $181,813,000.

The decrease in the volume of acceptances outstanding on Aug. 30 from July 31 was due to decline in credits for imports, exports, dollar exchange and those based on goods stored in or shipped between foreign countries, while in the year-to-year comparison the gain was attributed to increases in imports, domestic shipments and domestic warehouse credits.

The following is the report for Aug. 30 as issued by the Reserve Bank:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES

By Federal Reserve Districts

Federal Reserve District—	Aug. 30, 1941	July 31, 1941	Aug. 31, 1940
1 Boston	$25,775,000	$28,857,000	$21,591,000
2 New York	124,002,000	132,146,000	123,227,000
3 Philadelphia	11,063,000	11,891,000	9,712,000
4 Cleveland	3,972,000	3,795,000	1,669,000
5 Richmond	225,000	767,000	178,000
6 Atlanta	1,380,000	1,676,000	1,596,000
7 Chicago	7,680,000	6,285,000	4,684,000
8 St. Louis	481,000	490,000	310,000
9 Minneapolis	122,000	121,000	965,000
10 Kansas City	--------	--------	--------
11 Dallas	355,000	442,000	61,000
12 San Francisco	22,417,000	23,429,000	17,820,000
Grand total	$197,472,000	$209,899,000	$181,813,000

Decrease for month, $12,427,000. Increase for year, $15,659,000.

According to Nature of Credit

	Aug. 30, 1941	July 31, 1941	Aug. 31, 1940
Imports	$113,899,000	$121,469,000	$79,565,000
Exports	20,694,000	21,850,000	24,272,000
Domestic shipments	10,865,000	10,816,000	8,591,000
Domestic warehouse credits	37,645,000	36,366,000	29,262,000
Dollar exchange	3,098,000	3,454,000	11,196,000
Based on goods stored in or shipped between foreign countries	11,271,000	15,944,000	28,907,000

Bills Held by Accepting Banks

Own bills	$100,311,000
Bills of others	47,498,000
Total	$147,809,000
Decrease for month	$13,025,000

Current Market Rates on Prime Bankers' Acceptances

Sept. 19, 1941

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	1/2	7/16
60	1/2	9/16
90	1/2	9/16
120	9/16	11/16
150	5/8	1/2
180	5/8	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Jan. 31, 1939:

1939—		1939—		1940—	
Jan. 31	$255,402,175	Dec. 30	$232,644,000	Nov. 30	$196,683,000
Feb. 28	248,095,184	1940—		Dec. 31	208,659,000
Mar. 31	245,016,075	Jan. 31	229,230,000	1941—	
Apr. 29	237,831,575	Feb. 29	233,015,000	Jan. 31	212,777,000
May 31	246,574,727	Mar. 30	229,705,000	Feb. 28	211,865,000
June 30	244,530,440	Apr. 30	223,305,000	Mar. 31	217,312,000
July 31	236,010,050	May 31	213,685,000	Apr. 30	219,561,000
Aug. 31	235,034,177	June 29	206,149,000	May 31	215,005,000
Sept. 30	215,881,724	July 31	188,350,000	June 30	212,932,000
Oct. 31	221,115,945	Aug. 31	181,813,000	July 31	209,899,000
Nov. 30	222,599,000	Sept. 30	176,614,000	Aug. 30	197,472,000
		Oct. 31	186,783,000		

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 3 a summary for the week ended Sept. 27, 1941 of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figure being published by the Commission. The figures which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below together with the totals for the weeks ended Sept. 6, 13 and 20:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

	Total for Weeks Ended— Sept. 27	Sept. 20	Sept. 13	Sept. 6
Odd-Lot Sales by Dealers— (Customers' Purchases)				
Number of orders	14,477	15,597	14,160	11,166
Number of shares	389,803	417,686	381,725	294,998
Dollar value	$14,255,523	$16,168,971	$14,313,057	$10,769,602
Odd-Lot Purchases by Dealers— (Customers' Sales)				
Number of Orders:				
Customers' short sales	282	134	199	126
Customers' other sales *a*	15,915	17,161	16,207	12,287
Customers' total sales	16,197	17,295	16,406	12,413
Number of Shares:				
Customers' short sales	8,649	3,449	6,057	4,096
Customers' other sales *a*	400,570	425,962	410,773	304,350
Customers' total sales	409,219	429,411	416,830	308,446
Dollar value	$12,921,289	$13,229,143	$12,785,271	$9,099,528
Round-Lot Sales by Dealers—				
Number of shares:				
Short sales	0	20	30	220
Other sales *b*	119,110	122,910	120,610	85,160
Total sales	119,110	122,930	120,640	85,380
Round-Lot Purchases by Dealers—				
Number of shares	99,030	111,250	88,850	69,460

*a*Sales marked "short exempt" are reported with "other sales." *b*Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Country's Foreign Trade During June

The Bureau of Statistics of the Department of Commerce at Washington on Sept. 19 issued its statement on the foreign trade of the United States for July, with comparisons by months back to 1936. The report follows:

Total exports from the United States in July, based on documents received during the month, were $359,000,000. Although the significance of comparisons between July records and those for the earlier part of the year is impaired because of delays in the receipt of documents for shipments during the month, available data show that exports were moving out during July at a higher level than in June or in the first six months of 1941. The aggregate value of exports reported for July included relatively large shipments of lend-lease materials to British Empire destinations.

Shipments of foodstuffs became increasingly important in total export trade during July. Exports of meat products were valued at $11,000,000, lard $6,000,000, dairy products $9,000,000, and eggs (fresh and frozen) $4,000,000. The total value of exports of foodstuffs during the month was reported as $43,000,000, as compared with a monthly average during the first six months of 1941 of less than one-half as much. Exports of firearms and ammunition were reported at $20,000,000 in July.

Imports

General imports into the United States in July, valued at $278,000,000, were somewhat larger than the average for the first six months of 1941 but slightly smaller than in June. The reported aggregate of imports was not appreciably affected by the delays in receipt of documents mentioned above.

July import trade showed substantial gains over June in receipts of rubber, copper, tin, and diamonds for industrial use. Imports of coffee, cocoa, sugar and wool, all of which were imported in exceptionally large volume during the first six months of 1941, showed declines in July from June as did also imports of raw silk.

Exports Under License

During July 1941, approximately two-fifths of the recorded exports were shipped under specific, general, or unlimited licenses. General control of export trade, by the Government since July 1940, has been applied to some commodities to a greater degree than to others. Approximately three-fourths of the total metals exported were under license by July 1941. One-half of the non-metallic minerals, two-fifths of the chemical exports, and one-half of machinery and vehicle exports were also under license. These four groups of commodities comprised 64 per cent of the export trade. Much smaller proportions of other commodity exports were under control, foodstuffs being only about three per cent. Lend-lease shipments which are not included among licensed exports represented a substantial part of the exports of foodstuffs in July.

Large Amount of U. S. Exports Destined for Britain—Imports from Americas Down

Partly because of the inclusion of relatively large shipments of lend-lease materials to British Empire destinations, the reported statistics of foreign trade by countries in July indicate an increasingly heavy concentration of exports to British countries. Although the significance of comparisons between July exports and those for earlier periods is impaired because of delays in the receipt of documents for shipments during the month, available data show that British Empire countries and Egypt took approximately 72 per cent of all recorded exports in July as compared with 65 per cent in the first half of the year. The aggregate value of shipments to these countries in July was reported at $257,000,000. Included in the total are exports to the United Kingdom valued at $129,000,000, a substantially higher figure than in June, exceptionally heavy shipments to Egypt valued at $25,000,000 and exports to British India, Australia, New Zealand, and the Union of South Africa at higher levels than in the preceding month. A report issued by the Commerce Department Oct. 2 went on to say:

Exports to Japan declined in July for the seventh consecutive month to about two-thirds of the June 1941 value and about one-fifth of the July 1940 value. The freezing of Japanese funds in the United States on July 25, 1941 had no appreciable effect upon the total exports for the month.

Shipments to the U.S.S.R. during July, reported at $3,100,000, were about one-sixth larger than in June, but only one-half as large as in July a year ago.

Exports from the United States to the American Republics and to the European possessions in the Latin American area, as reported, amounted to $67,000,000 in July. Shipments to South American destinations were increased to some extent as compared with June, while those to Mexico, Cuba, and other countries in the Central American and Caribbean regions were reduced.

General imports into the United States during July, valued at $278,000,000, were somewhat larger than the average for the first six months of 1941 but slightly smaller than in June. July import statistics show decreases as compared with June of 18 per cent in the value of goods received from Latin America and of 4 per cent and 6 per cent, respectively, in those from Europe and Northern North America. Imports from Asia, Oceania, and Africa increased by 14 per cent, 28 per cent and 19 per cent, respectively, in July over June. In comparison with the corresponding month of last year, imports from all leading trade regions, with the exception of Continental Europe and Africa, showed increases in July.

Imports from Latin America declined by $16,300,000 from $91,800,000 in June to $75,500,000 in July, an amount which represents the lowest level for the trade since January 1941. The decline reflects smaller arrivals of coffee from Colombia and Brazil, of sugar from Cuba, of tin from Bolivia, and of wool from Argentina and Uruguay. The allowable quotas under the coffee agreement between the United States and the American Republics effective last October were largely filled by July 1, with the result that coffee imports were unusually small in July.

Imports from British Empire countries were valued at $132,000,000 in July, representing a gain of 13 per cent as compared with June 1941, and of 20 per cent as compared with July 1940. The increase over June was accounted for mainly by larger imports from the United Kingdom and British countries in the Far East and Africa. Imports from Canada were slightly smaller in value than in June. In comparison with July 1940, however, imports from the United Kingdom and the Union of South Africa were at a lower level while imports from all other leading Empire countries were substantially increased.

United States imports from Japan declined from $13,000,000 in June to $8,800,000 in July principally as a result of a decline in imports of raw silk from $9,226,000 to $5,158,000. The total value of July 1941 imports was about two-thirds the total of $13,400,000 for July 1940.

The following tabulation covers the month of July, the previous month, and the corresponding month of last year:

Thousands of Dollars (000 Omitted)

Geographic Division and Country	Exports July, 1940	Exports June, 1941	Exports July, 1941	Imports July, 1940	Imports June, 1941	Imports July, 1941
Europe	124,810	111,478	139,327	32,393	24,486	23,548
Northern North America	62,267	75,333	69,401	39,851	49,314	46,558
Southern North America	24,162	35,661	29,926	24,545	35,445	31,554
South America	34,138	34,011	36,935	34,064	56,325	43,964
Asia	50,554	45,255	35,516	84,610	90,090	102,774
Oceania	8,502	7,096	8,111	2,069	12,444	15,891
Africa	12,235	20,904	39,434	14,861	11,432	13,558
Total	316,669	329,737	358,649	232,393	279,536	277,837
Argentina	10,650	6,755	9,568	5,175	16,713	13,364
Australia	6,239	5,939	6,172	1,359	11,506	13,572
Belgium	a	a	a	444	497	1,537
Belgian Congo	1	1,083	934	1,854	2,440	3,734
Bolivia	482	818	711	535	4,101	1,947
Brazil	7,205	8,700	9,709	9,004	11,771	10,307
British East Africa	607	1,603	154	116	543	934
British India	7,135	4,055	5,575	9,685	10,613	11,523
British Malaya	1,781	2,399	1,663	22,573	23,233	32,461
Canada	61,274	74,306	68,076	37,975	48,156	44,585
Ceylon	166	37	29	2,323	2,802	4,402
Chile	3.110	3,978	3,752	8,583	5,730	9,462
China	6,934	6,055	3,915	9,756	7,078	10,465
Colombia	3,785	4,453	4,292	4,291	6,594	1,023
Costa Rica	925	846	622	439	496	345
Cuba	6,105	7,963	6,704	10,911	16,762	12,623
Curacao (Neth. West Ind.)	1,485	1,199	777	1,321	4,306	5,939
Dominican Republic	646	666	439	453	1,495	937
Equador	288	649	551	324	529	542
Egypt	818	12,011	25,071	304	779	134
El Salvador	287	287	347	1,129	737	817
Finland	1,662	720	109	260	329	2
France	206	2	a	1,751	375	94
French-Indochina	302	184	90	165	963	58
Germany, Czecho-Slovakia & Poland	a	----	----	203	502	115
Gold Coast	58	27	337	1,884	2,192	1,891
Greece	31	186	144	1,836	4,863	714
Guatemala	526	618	599	768	964	701
Honduras	640	569	602	1,139	856	915
Honk Kong	1,839	2,555	2,379	450	286	223
Iran (Persia)	796	735	210	736	361	1,026
Iraq	348	50	212	211	708	830
Ireland	1.120	9	224	342	283	110
Italy	16	----	----	802	7	4
Japan	15.364	5,687	3,346	13,362	13,000	8,835
Kwantung	1,272	174	62	332	77	7
Mexico	7,109	12,590	8,337	6.985	7,428	6,945
Netherlands	----	a	a	151	14	4
Netherlands Indies	3,786	10,287	7,116	14.395	17,324	23,392
Newfoundland & Labrador	860	1,004	1,292	1,730	1,158	1,937
New Zealand	2,184	1,005	1,844	677	818	1,535
Norway	4	a	----	87	69	----
Panama, Republic of	1,438	4,056	3,702	349	469	246
Panama Canal Zone	2,651	4.278	5,152	46	45	57
Peru	1,329	2,346	1,959	1,540	2,132	1,001
Philippine Islands	7,169	10,577	7,738	7,587	8,756	7,970
Portugal	2,467	856	936	988	2.226	1,364
Spain	1,909	2,122	1,354	1,611	1,759	1,425
Sweden	1,140	410	3,321	331	419	248
Switzerland	98	781	1,065	1,430	2,607	2,655
Thailand (Siam)	1,729	617	442	129	109	124
Trinidad and Tobago	512	499	566	176	398	185
Turkey	123	632	130	1,649	1,344	913
Union of South Africa	9.620	5,726	10,701	8,027	2,856	5,638
Union of Soviet Soc. Republics	6,124	2,671	3,133	897	165	2,994
United Kingdom	109.867	103,108	128,771	20,300	9,793	11,392
Uruguay	1,195	1,425	1,508	902	3,680	2.028
Venezuela	5,618	4,598	4,445	3,218	3,953	3,224

a Less than $500.

Bank Debits Up 18% From Last Year

Bank debits as reported by banks in leading centers for the week ended Oct. 1 aggregated $11,505,000,000. Total debits during the 13 weeks ended Oct. 1 amounted to $129,228,000,000, or 28% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 24% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 31%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	Week Ended Oct. 1, 1941	Week Ended Oct. 2, 1940	13 Weeks Ended Oct. 1, 1941	13 Weeks Ended Oct. 2, 1940
Boston	529	539	7,038	5,688
New York	4,790	4,272	50,614	40,840
Philadelphia	604	513	7,135	5,294
Cleveland	857	712	9,705	7,479
Richmond	464	366	5,227	3,926
Atlanta	371	284	4,278	3,140
Chicago	1,757	1,347	19,876	14,809
St. Louis	393	284	4,152	3,022
Minneapolis	229	183	2,619	2,064
Kansas City	339	265	4,338	3,380
Dallas	281	210	3,333	2,503
San Francisco	891	755	10,913	8,633
Total, 274 reporting centers	11,505	9,727	129,228	100,777
*New York City	4,381	3,916	46,105	37,142
*140 Other leading centers	6,136	5,008	71,796	54,826
133 Other centers	988	804	11,327	8,802

* Included in the National series covering 141 centers, available beginning with 1919.

Figures for the week ended Sept. 24, which we were obliged to omit last week for lack of space, follow:

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	Week Ended Sept. 24, 1941	Week Ended Sept. 25, 1940	13 Weeks Ended Sept. 24, 1941	13 Weeks Ended Sept. 25, 1940
Boston	581	431	7,182	5,686
New York	3,786	3,384	51,332	40,987
Philadelphia	541	399	7,282	5,391
Cleveland	785	607	9,708	7,450
Richmond	416	308	5,226	3,942
Atlanta	350	251	4,286	3,141
Chicago	1,534	1,168	19,963	14,873
St. Louis	370	242	4,146	3,026
Minneapolis	203	158	2,602	2,071
Kansas City	346	270	4,344	3,405
Dallas	278	204	3,321	2,506
San Francisco	871	675	10,899	8,635
Total, 274 reporting centers	10,061	8,098	130,290	101,113
*New York City	3,442	3,112	46,660	37,172
*140 Other leading centers	5,704	4,292	72,295	55,093
133 Other centers	915	693	11,335	8,847

* Included in the National series covering 141 centers, available beginning with 1919.

Petroleum And Its Products

(Continued from Page 518)

Harold L. Ickes, Federal Petroleum Coordinator, will head the list of speakers at the annual convention of the American Petroleum Institute in San Francisco November 3-7, it was disclosed in the advance schedule for the meetings. Other speakers include Senator Connally, of Texas, W. R. Boyd, Jr., Vice-President of the Institute, Ralph K. Davies, Mr. Ickes' assistant, and Commander T. G. Galbraith, Royal Navy, British Supply Council. Chief business before the Institute's Board of Directors is the election of a new president to succeed the late Axtell J. Byles.

Higher prices for crude oil were urged this week by Walter L. Goldston, of the executive board of the Independent Petroleum Association of America in a statement in Houston. "The cost of producing this settled production (stripper wells) varies from $1.50 to $2 per barrel," he said. "In many fields posted crude oil prices fall below the average of $1.50 per barrel resulting in the abandonment of valuable stripper production. Prices of crude oil have not increased in line with other commodities and today are 11½ per cent below the 1935-37 levels."

The constitutionality of the Illinois 5 per cent oil production tax was challenged this week when eight firms and three individuals entered suit in the Sangamon County Circuit Court in Springfield. The firms include Shell Oil, Texas, Sohio Corp., Adams Oil & Gas, Felmont Corp., H. H. Weinert Inc., Diamond Half Oil Corp. and Stewart Oil. Temporary injunctions were granted each plaintiff prohibiting the State Department of Finance from turning the money, paid under protest for taxes, into the State's general revenue fund. No date has been set to hear the cases.

There were no major price changes posted during the week.

Refined Products

First move in the expected curtailment of oil burner production, scheduled for the twin purposes of conservation of raw materials needed in other branches of industry occupied with defense projects and of curtailing consumption of fuel oil, will be announced shortly when defense housing builders in the shortage-threatened East Coast territory will be denied priorities for oil burners.

The restrictions upon oil burner installations will be limited to the Eastern Seaboard which has been designated as the oil shortage area by the office of the Petroleum Coordinator. Since the majority of the nation's fuel oil burners in private homes are in this thickly-populated area of the country, the

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Foreign Front

(Continued from Page 523)

It is instructive that Mexico now is reported on the verge of signing extensive agreements with the United States, covering payments of petroleum and general claims, on the basis of large loans by the United States and other inducements. No specific reference so far has appeared to the heavy total of completely defaulted Mexican external indebtedness, of which an important part is held in the United States.

Politically, many of the Latin-American States seem to be experiencing unwelcome propaganda from warring countries in Europe. This has occasioned recent "incidents" involving German diplomatic representatives. Since the Reich is well bottled up, however, such matters are not of much immediate significance. Revolutionary tendencies are present in some of the countries but probably will diminish in the light of greater prosperity.

Petroleum And Its Products

(Continued from Page 524)

move will definitely bring about sharp contraction in usage of oil burners in the home heating field.

Even prior to the news of the "temporary" re-transfer of 12 to 15 tankers from Britain back to this country, oilmen in the East had figured that barring exceptionally cold weather this winter, the industry would be able to keep abreast of demand. It was pointed out that the savings resulting from the increased public consciousness of the difficulties in transportation of crude oil to Eastern refineries plus increased use of railroad tank cars and other forms of substitute transportation meant that the threat of a serious shortage had largely been dissipated.

A decline of nearly 300,000 barrels in inventories of finished, unfinished and aviation fuel on the East Coast offset rising stocks in other sections of the country, and a net decline of 133,000 barrels for the nation as a whole developed for the week ended October 4. The mid-week report of the American Petroleum Institute further disclosed that stocks of 80,870,000 barrels on October 4, while approximately 2,000,000 barrels less than held at this time last year, didn't make too bad a showing when it is recalled that last year's figure included a "surplus" of several million barrels.

A gain of 146,000 barrels in production of motor fuel last week lifted the total to 13,359,000 but this increase was offset by the higher consumption resulting from the warm weather which stimulated motorists' consumption. With less favorable weather, a decline in pleasure car motoring may be expected and the higher gasoline production then will become a more important factor in building stocks. Residual fuel oil stocks showed seasonal gains during the period, rising 735,000 barrels but inventories of gas oil and distillates were off 397,000 in reflection of the sustained high rate of industrial activity.

Refinery operations hovered around the year's higher levels, showing an improvement of 0.8 per cent during the week to hit 93.3 per cent of capacity. Daily average runs of crude oil to stills were up 35,000 barrels as the industry again passed the 4,000,000-barrel level, rising to 4,015,000 barrels. With gasoline demand still holding at record levels, refinery operations may be expected to continue in the higher brackets for the balance of the year.

Price changes in the major refined products in the country's marketing areas were again confined in most part to local readjustment. Prices in most of the East Coast cities of gasoline continue higher than those established in the "fair-price" list of the Government but no action has yet been taken, and service station operators hold that higher prices are necessary to meeting increased operating costs and higher raw material levels.

Lumber Movement for Week Ended Sept. 27

Lumber production during the week ended Sept. 27, 1941, was slightly abve the previous week; shipments were 3% less; new business 4% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 0.3% above production; new orders 6% below production. Compared with the corresponding week of 1940 production was 8% greater, shipments 3% less, and new business 8% less. The industry stood at 127% of the average of production in the corresponding week of 1935-39 and 126% of average 1935-39 shipments in the same week.

Year-to-date Comparison

Reported production for the 39 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 39 weeks of 1941 to date, new business was 6% above production, and shipments were 6% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 37% on Sept. 27, 1941, compared with 31% a year ago. Unfilled orders were 1% greater than a year ago; gross stocks were 14% less.

Softwoods and Hardwoods

Record for the current week ended Sept. 27, 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	475	475	470
Production	288,031	266,807	287,934
Shipments	288,963	297,861	297,366
Orders	269,774	292,682	281,244

	Softwoods 1941 Week	Hardwoods 1941 Week
Mills	385	90
Production	277,113—100%	10,918—100%
Shipments	276,662—100	12,302—113
Orders	259,158— 94	10,616— 97

Pepper Margins

The Office of Price Administration has approved the proposal of the New York Produce Exchange to reduce the pepper contract margin requirement from $1,000 to $500. The OPA explained that this action was taken "because excessive speculative activity in pepper futures on the New York Produce Exchange has ceased and prices for several months have reflected actual market conditions." Margin requirements had been raised to $1,000 by the Exchange late in May, 1941, at the suggestion of the then Office of Price Administration and Civilian Supply, after speculative activity had sent futures to "unjustified levels."

"Invisible" Sugar Supplies

The Department of Agriculture issued on Sept. 11 its summary of data on "invisible" supplies of sugar in the United States for the second quarter of 1941, together with a record of receipts and deliveries. The report on the first quarter was issued May 29 (see issue of June 14, page 3720). The data for the second quarter report were obtained by the Sugar Division of the Agricultural Adjustment Administration from schedules received from 1,541 manufacturers, wholesalers and retailers. The following table summarizes the data:

STOCKS OF SUGAR HELD BY 1,541 MANUFACTURERS, WHOLESALERS, RETAILERS, ETC., ON SPECIFIED DATES, TOGETHER WITH RECEIPTS AND DELIVERIES OF SUGAR, SECOND QUARTER, 1941*
(Short tons)

	No. of Firms Reporting	Stocks Mar. 31, '41	Receipts, April 1-June 30, '41	Deliveries or use, April 1-June 30, '41	Stocks June 30, '41
Total	1,541	574,657	1,057,155	1,019,032	†612,780
Comparable data for second quarter, 1940	1,311	346,691	681,188	644,892	382,987
Comparable data for second quarter, 1939	1,415	306,555	696,918	717,492	285,981

*The second quarter receipts by the firms reporting for this period on Form SS-33 were approximately 61.8% of the total deliveries of sugar by refiners, processors and importers for the period April 1 to June 30, 1941. †Does not include sugar in transit, amounting to 120,249 tons on June 30, 1941.

Madden in Bulletin Finds No Adequate Formula for Hedging Against Inflation

There seems to be no adequate, generally applicable formula for hedging against inflation according to a bulletin entitled "Hedging Against Inflation" issued on Sept. 29 by Dean John T. Madden, Director of the Institute of International Finance of New York University. It is pointed out that during the past few months commodity prices in the United States have risen sharply and, whenever such a development occurs, particularly in time of war, people become preoccupied with the problem of devising ways and means of protecting themselves against the effects of the constant decline in the purchasing power of the currency. This is commonly termed hedging against inflation. The release issued relative to the bulletin also says in part:

Hedging against inflation involves (1) protection of the purchasing power of current and future income during the period of rising prices; and (2) preservation of capital by converting cash, monetary claims, and evidences of debt into assets, which after the inflation are likely to have the same purchasing power as they had at the beginning of the inflationary movement. The selection of an effective hedging method depends on the correct diagnosis of the nature of the inflation, that is, on whether the inflation is of the permanent type, such as occurred in a number of Continental European countries during and immediately after the World War, or whether it is only temporary in character, as in the case of the United States, Great Britain, and the Scandinavian countries during the same period. The great productive capacity of the industrial plant and agriculture in the United States, combined with the vast and varied natural resources of the country and the huge store of gold that could be used for purchases of commodities abroad, would indicate that, if inflation were to develop in this country, it would be temporary in character and that in all probability the end of the emergency would be followed by a sharp decline in commodity prices.

The bulletin shows that manufacturing concerns, as well as enterprises engaged in wholesale or retail distribution of commodities, can hedge against inflation by utilizing their cash balances and the proceeds from the liquidation of assets representing monetary claims such as bonds and mortgages for improving the efficiency of plant and equipment, for carrying larger inventories, for increasing research facilities and for carrying on advertising in order to improve the quality of the product and to widen its market.

The position of financial institutions in times of inflation differs materially from that of industrial and mercantile concerns. Banks and insurance companies operate exclusively or chiefly with borrowed funds in the form of deposits and premiums, and therefore, are not concerned with changes in the purchasing power of the currency. Moreover, laws and regulations limit investments of these institutions mainly to monetary claims and evidences of debt. Hence, mutual savings banks and mutual insurance companies do not have to hedge at all. Banks and insurance companies organized as stock corporations have the task of protecting only the purchasing power of the stockholders' equity. In past periods of inflation such financial institutions could hedge through the acquisition of gold, foreign exchange, or foreign currency bonds. At present, ownership of gold is prohibited by law, while the purchases of foreign exchange or of bonds stated in foreign currency is certainly not desirable under the economic and political conditions existing throughout the world.

The only way banks can protect the purchasing power of their own resources is through increasing earnings and transferring them to reserves.

So. Pine Prices Revised

Federal Price Administrator Henderson announced on Sept. 4 upward revisions in the ceiling price schedule for Southern pine lumber. The adjustments in the schedule, Mr. Henderson said, were necessary in view of complaints from small mill owners that the maximum prices in the original schedule would result in "widespread hardships." The previous ceiling was fixed on Aug. 16, and was scheduled to go into effect Sept. 5. The new prices it is stated are still below those of Aug. 15 despite the generally higher levels. The schedule announced Aug. 15 was referred to in our issue of Aug. 23, page 1072.

Knox Says U. S. Must Help Police World, Join Britain After War to Enforce Peace

Secretary of the Navy Frank Knox urged on Oct. 1 that, after defeat of the Axis powers, the United States and Great Britain join forces "to stop new aggressions, which might lead to a world disturbance, at its beginnings." Speaking before the annual convention of the American Bar Association at Indianapolis, Secretary Knox declared that "if we are to be able to help re-establish a world ruled by laws and not by men, we must provide both the major power and the dominant leadership." Continuing, the Secretary stated:

You may say, What business is it of ours to police the seven seas? Why should we provide both the leadership and the major force to insure against another world war? My answer is history-made. Twice we have learned from bitter experience that no matter how great our reluctance to participate the world has now grown so small, so inter-related, so interdependent, that, try as we will, we cannot escape.

This does not mean that we must fight every time there is a disturbance in the world, but it does mean that the great law-abiding, peace-loving nations must take the power into their hands and keep it there for a long time to come to prevent the inauguration of another world war.

To put it bluntly, we must join our force, our power to that of Great Britain, another great peace-loving nation, to stop new aggression, which might lead to a world disturbance, at its beginnings.

Secretary Knox said that "our safety and our prosperity in the world of the future lies in a stern insistence upon the principle of the freedom of the seas, the assurance of equal opportunity for world trade and the proviso that sea power shall not be made the instrument of selfish aggression."

Stressing how vital is the principle of the freedom of the seas, the Secretary stated:

It is the hope of the world that sea power for the next hundred years, at least, will reside in the hands of the two great nations which now possess that power, the United States and Great Britain. You may say it is a dangerous power when controlled by so few, and there is truth in that reflection. But, feeble and inadequate as may be the impulses in American and British hearts for the common good and the advancement of civilization, and likely as it may be that this power will sometimes be abused, it is far safer thus than if that power should be permitted to pass into the hands of aggressive nations who seek their own selfish aggrandizement.

Pointing out that "we are already sweeping the German pirates from the North Atlantic and bringing to England the products of the arsenal we have set up here," Mr. Knox emphasized that in the long run the advantage of sea power will be decisive.

In conclusion, Secretary Knox declared:

A justly conducted, peace-loving force must intervene to save the world from self-destruction. The foundation of such a force, as I have indicated, must be the control of the seas by the United States and Great Britain.

Other nations of similar peaceful inclinations, and lacking in aggressive designs, could be joined to them, and thus the beginning would be made leading toward the restoration of international law, the policing of the highways, the opening of the door of opportunity to all peoples and the achievement of a world in which war, at last, shall be abandoned as an instrument of national policy.

I make no claims for this proposal as a counsel of perfection. It is an attempt, obviously, to deal with the world as we find it; with facts as they are. But of this thing we can be sure, that respect for law must be restored if the world is to recover and popular government is to be preserved. And the only kind of peace which is available in this world in which we live is the kind of peace that can and will be enforced through the superior power of those nations that love justice and seek after peace.

Transfers Export Control

President Roosevelt recently issued an executive orders transferring the hitherto independent office of Export Control to the Economic Defense Board, which is headed by Vice-President Wallace. Under this order the export control administration becomes a subdivision of the Economic Defense Board. Heading the new section is Milo Perkins, former head of the Commodity Credit Corporation. He replaces Brig. Gen. Russell L. Maxwell, who had been Export Control Administrator since the agency was set up on July 2, 1940. It is reported that the President has ordered Gen. Maxwell to return to the War Department.

In connection with the transfer Vice-President Wallace has instructed the Supply Priorities and Allocations Board, which he also heads, and the Economic Defense Board to draft an action program under which the total amount of critically needed raw materials will be stepped up.

Morgenthau Proposes Corporation Profits Be Limited to Six Per Cent in Emergency

The proposal that all corporation profits be limited to 6% during the current emergency, with the Government receiving the remainder through excess profits was made on Sept. 24 by Secretary of the Treasury Morgenthau before the House Banking and Currency Committee during its hearing on the Administration's price-control bill. Hearings on the bill were resumed by the committee on Sept. 17 after a month's recess. Mr. Morgenthau told the committee that "passage" of the bill will be one additional step forward against inflation, the war on our home front, the war that must be fought and won if we are to preserve our American heritage." He conceded that "price control alone will not conquer inflation"—that "the bill alone cannot stop price rises" and in citing some of the more important steps that the Government is taking to check prices,—(viz. the passage of the new tax bill, the Treasury's borrowing program to absorb excess income, the tax anticipation note program, the authority conferred on the Reserve System to control consumer investment credit, and the efforts of the Office of Price Administration to control prices), Secretary Morgenthau declared that these steps are not enough, and in part he added:

If we are to be sure of victory in the fight against inflation, we must prepare further to increase taxes. We may have to extend the general controls over bank credits. We shall certainly have to reduce capital expenditures for non-defense needs and widen the sale of defense savings bonds and stamps.

It would be wise to extend the Social Security program to absorb purchasing power now and pave the way for increased purchasing power after the emergency.

It will also be essential for Federal, State and local governments to reduce non-defense spending as much as possible---

We must do much more than cut down purchasing power; we must attack the problem from the other side. Rising prices can also be retarded by increasing the supplies of goods which do not compete with defense needs.

We are in a position to do just that. The Government has in its warehouses vast quantities of cotton, wheat and corn. Our granary doors should now be opened, enough at least to prevent unreasonable price rises.

The Secretary stated that "such a step would be in agreement with our established agricultural policy—the ever-normal granary," and he went on to say—

The concept of an ever-normal granary, which calls for a control of falling farm prices, seems to me to call equally for control over rising farm prices. This bill, however, specifically restricts the authority of the Price Control Administration over farm prices. That is, I believe, the major defect of the bill. I strongly recommend that this inflexibility be removed, in the interest of the attack upon inflation, in the interest of the standard of living of our people and in the long-run interests of farmers as well.

I am not disturbed by the general level of agricultural prices now prevailing, but I am deeply concerned about the danger that agricultural prices will continue to rise as they did in the World War.

Such a rise would hasten general inflation, would restrict the standard of living, and would even interfere with the health and morale of our people.

And it cannot be repeated too often that in the long run the worst sufferers from inflation are farmers themselves. After the first World War inflation, agriculture was the hardest hit and the slowest to recover.

Taking cognizance of the suggestion during the hearings before the committee that the bill should include a ceiling over wages, Mr. Morgenthau indicated his opposition to this, saying:

I should like to go on record as not sharing this view. In free countries labor is not a commodity, human beings are not property; and they should not be treated as such.

Further explaining his position, Mr. Morgenthau said:

I fully appreciate that wages affect the cost of production and the general level of prices. However, I feel very definitely that if we can, on the one hand, keep the cost of living from rising, and, on the other hand, impose adequate taxes on excessive profits, then we will have removed the major causes for demands for general wage increases.

Furthermore, it is worth noting that the major portion of our defense industries today is covered by collective bargaining contracts, and only a sharp rise in the cost of living is likely to upset those contracts.

Mr. Morgenthau's proposal that corporation profits be limited to 6%, came during questioning by committee members at the conclusion of his prepared statement on Sept. 24. Following his recommendation, Mr. Morgenthau announced on Sept. 25 that Treasury experts had undertaken the drafting of a proposed bill to limit corporation profits to 6%. As to this, Associated Press accounts from Washington Sept. 25 said—

The drafting task of his experts, Mr. Morgenthau explained, is to surround the idea of a 6% limit on corporation profits, with other provisions to make the proposed law as fair as possible to various kinds of business firms.

Sweeping aside questions as to whether some inequalities might not remain despite these efforts, Mr. Morgenthau said:

"We are going to try to make it as fair as possible, but of course, somebody is going to get hurt.

"We can't continue to live the way we are and be the arsenal of democracy.

"For some time. I have been wanting to say that we ought to remove what I call the profit motive in war or national defense, and I think the way to remove the profit from war or national defense is to make it unprofitable.

"One reason I made this suggestion at this time was that I felt that the complacency of the country called for some kind of statement from me.

"We all have got a big job to do for national defense and we are asking a lot of people to make sacrifices, especially those whom we are asking to leave their business and homes to go into the army and navy at a dollar a day.

"If we ask them to do that, I think everybody else ought to be willing to do as much."

In advices from its Washington bureau, the "Wall Street Journal" of Sept. 30 said—

Treasury Secretary Morgenthau said yesterday his limit profits bill will not be ready before January and that he will not recommend that it apply to 1941 business.

He said his experts had only begun to draft such a bill. He pointed out that since the Treasury will seek higher taxes it takes still more time to make such proposals "equitable."

He declined to discuss whether the 6% of profits on invested capital proposal has Administration backing. At the same time he made it clear that the Treasury will present the bill to Congress. "We ask the opportunity to sit down and talk over the proposals with" the Congressional tax committees.

Mr. Morgenthau warned against speculation as to what definition the bill will carry for the term "invested capital." He said there is no single definition for this term.

Before the price control hearing, Mr. Morgenthau had mentioned informally that invested capital meant "dollars going into business."

Supreme Court Pays Tribute to Brandeis At Opening Session of its 1941-42 Term

Louis Dembitz Brandeis, retired Associate Justice of the United States Supreme Court who was noted for his liberal views, died on Oct. 5 at his home in Washington as the result of a heart attack suffered on Oct. 1. He would have been 85 years old on Nov. 13. Justice Brandeis was appointed to the Supreme Court by President Wilson in 1916 and served until his retirement on Feb. 13, 1939.

When the Supreme Court opened its 1941-42 term on Oct. 6 a brief session was held in which tribute was paid to Justice Brandeis, the Court then adjourning out of respect to his memory. The new Chief Justice, Harlan F. Stone, announcing the death "with profound sorrow," said:

Learned in the law, with wide experience in the practice of his profession, he brought to the service of the court of of his country rare sagacity and wisdom, prophetic vision, and an influence which derived power from the integrity of his character and his ardent attachment to the highest interests of the court as the implement of government under a written constitution.

His death brings to a close a career of high distinction, and life of tireless devotion to the public good.

As mark of respect to Justice Brandies's memory the Court will adjourn without transacting further business.

In his message of condolence to Mrs. Brandeis, President Roosevelt said

My heart goes out to you and yours in the loss of a loved—and loving husband and father, who was my faithful friend through the long years.

Mrs. Roosevelt joins me in this assurance of deepest sympathy.

The whole nation will bow in reverence to the memory of one whose life in the law, both as advocate and judge, was guided by the finest attributes of mind and heart and soul.

In his passing, American jurisprudence has lost one whose years, whose wisdom and whose broad spirit of humanism made him a tower of strength.

A tribute to the memory of Justice Brandeis was also issued by Chief Justice Charles E. Hughes, who said:

I am profoundly grieved by the passing of Justice Brandeis, my friend of over 50 years. I worked with him in the early days at the bar and I deemed it a high privilege to be associated with him in the work of the court.

He brought his wide experience and his extraordinary acumen to the service of the public interest and in a judicial career of the highest distinction left his permanent impress upon our national jurisprudence.

With the opening of the new term of the Supreme Court—at which the nine Justices were present—a new Chief Justice and two new Associate Justices took their seats with their associates—they were Chief Justice Harlan F. Stone and Associate Justices James F. Byrnes and Robert H. Jackson. As to this, Associated Press accounts from Washington Oct. 6, pointed out:

The change in the make-up of the Court has occurred since it adjourned June 2 for the summer. Harlan F. Stone, as Associate Justice since 1925, was appointed to succeed Chief Justice Charles Evans Hughes.

Names as Associate Justices were Mr. Byrnes, one of President Roosevelt's Senate leaders, and Mr. Jackson, who as Attorney-General argued a large number of administration cases before the tribunal.

This brought to seven the number of Justices picked by the President since 1937. The exceptions are 66-year-old Owen J. Roberts, a Pennsylvania Republican, and Mr. Stone.

Chief Justice Stone and Justice Byrnes took the oath of office on July 3 and July 8, respectively (noted in our issue of July 12, page 188), while Justice Jackson was sworn in on July 11 (referred to in these columns of July 19, page 333). All three of these nominations were sent to the Senate by President Roosevelt on June 12. The Senate confirmed the nomination of Mr. Byrnes on the same day (June 12), that of Mr. Stone on June 27 and that of Mr. Jackson on July 7.

The resignation of Associate Justice Brandeis was reported in these columns Feb. 18, 1939, page 971.

Our Reporter On "Governments"

(Continued from Page 515)

intensify its educational program, will sponsor greater application of the pay-roll deduction system and will allow to a minor degree, perhaps, a type of "quota system." . . . But on the issue of an all-out campaign, Secretary Morgenthau was most explicit in his address to the convention October 2. . . . Said the Treasury head:

"I can find no usefulness, for our present purposes, in the old Liberty Loan method of fixing money quotas for communities, trades, labor unions, school classes or individuals in this Defense Savings program. I can see no value, either in terms of economics or morale, in high-pressuring people to take money out of bank savings accounts or out of life insurance. But I do see a great benefit, financial and moral, in persuading spenders to set aside, systematically, week after week, a part of their current income for their own good and their country's good." . . .

Study that quotation. What it means is that there will be some intensification of the defense savings sale—but just some. The real drive is yet to come, for Morgenthau has not yet been convinced of the virtues of putting this campaign over with a bang. . . .

Loans

The importance of commercial loan trends to the Government bond market is direct and clear. . . . And on that subject, the bankers also are generally in accord. . . . They feel that non-defense loans will drop drastically during the coming months (Morgenthau's address asked this and the A.B.A.'s resolutions committee's report confirmed it). . . . They believe defense loans will continue to increase but not at as rapid a pace as in recent months. . . . And so they see no vital danger to their investment portfolios because of the demand on their loan departments. . . .

This point ties in with the possibility of further official cuts in excess reserves, by the way. . . . If the banks are not pressed for loans to any tremendous extent, they'll be able to absorb additional increases in their reserve requirements without damage to their investment holdings. . . .

(And, besides, the banks anticipate that any boosts in requirements in the future will be publicized well in advance "by feelers," just as the most recent increase was. This preliminary work is important and is considered necessary to the stability of the market.)

Minor Points

The next cash issue of the Treasury is expected at almost any time—maybe within hours after publication of this column. The bankers are ready for the issue, expect to bid heavily for whatever bonds are offered, anticipate that the financing will be another huge success. . . .

Most commonly mentioned total for the issue was $1,000,000,000, including the refunding of the December maturity. . . .

The "beautiful" profits yielded by arbitraging transactions in the years gone by no longer are deemed important by most banks. . . . It is admitted that the issuance of taxable issues has killed the best part of the arbitraging business within the Government bond market. . . . That the thinness of trading these days makes switching back and forth between issues more difficult than ever before. . . .

Many bankers mentioned advantages of "rolling over" maturities—buying notes about to mature, holding them until shortly before a refunding takes place, then selling them in the open market and buying another maturing issue. . . .

There is some profit in the transaction and a minimum of risk. . . . In addition, if the refunding issue turns out to be attractive, the institution "rolling over" its maturities may choose to refund into the new obligation. . . .

Priority for Lead

In an effort to conserve the supply and direct the distribution of lead, the Priorities Division of the Office of Production Management issued on Oct. 3 a general preference order imposing full priority control on the metal.

The order, it is learned from special Washington advices to the New York "Journal of Commerce" contains the following main points:

1. Refiners and dealers must file with the OPM Priorities Division not later than the 20th of each month a schedule of proposed shipments for the following month.

2. After Oct. 1, each refiner must set aside from his production a quantity to be fixed from time to time. These amounts are to be allocated directly by the priorities division to meet emergency situations.

3. In shipping the balance of production after the pool requirement has been met, each refiner must give preference to defense orders, as required by priorities regulation No. 1.

4. All lead released by Metals Reserve Co. will be allocated by the Director of Priorities.

Roosevelt Calls on Labor and Management To Cooperate and Avert Defense Strikes

President Roosevelt in a message to the American Federation of Labor convention in Seattle, called on Oct. 7 for the discarding of "organizational rivalries and jursidictional conflicts" and said that "the establishment of peace between labor organizations would be a patriotic step forward of incalculable value in the creation of true national unity." The President also appealed to labor and management to cooperate with Government machinery set up to adjust industrial disputes saying that, since "national defense hinges on greater industrial production", "the time has come when the services of such agencies must be used before any recourse is taken to a strike or lockout."

Asserting that the defense program shall be limited only by "the amount necessary to overwhelm the Nazi hordes," the President warned that "only by united action can we turn back the Nazi threat."

The text of the President's letter, read to the A. F. of L. convention, follows according to the Associated Press:

Please extend my warm personal greetings to the officers and delegates attending the 61st annual convention of the American Federation of Labor and my best wishes for a successful and constructive meeting in the interests of your members and all the American people. Your delegates represent the largest membership in the history of the Federation.

This meeting is an event of international significance. It is a symbol of that freedom which we, in the United States, enjoy and must make very sacrifice to maintain.

As hosts of distinguished representatives of the underground labor movements of countries enslaved by Hitler, you, at this convention, need no reminder of what is at stake for the free workers of America in the present emergency.

The threat of Hitlerism is directed not only at labor, even though labor is among the very first that will suffer therefrom. It is aimed at all of us—every man, woman and child who believes in freedom. It menaces everything that we cherish as Americans and free men.

The American people have, therefore, pledged everything in their power that those freedoms, without which free trade unions and free institutions cannot survive, shall never be taken away from them.

To protect those freedoms we shall, and must, devote every bit of human, physical and spiritual energy which we possess.

Our program of defense—our production of ships, planes, guns, tanks—must be all-out. It shall be limited by only one factor—the amount necessary to overwhelm the Nazi hordes.

I know that every one of you, and the millions whom you represent, will lend every effort and make very necessary step to accomplish this end.

Every aspect of our national defense hinges on greater industrial production. The government has set up machinery to adjust industrial disputes in the full confidence that it is adequate to solve problems which may arise on defense jobs in all fairness and justice to the parties concerned.

The Conciliation Service of United States Department of Labor and the National Defense Mediation Board provide ample facilities for the adjustment of differences. The time has come when the services of such agencies must be used before any recourse is taken to a strike or lockout, and I call now upon labor and management to cooperate at all times to that end.

This is not the time for idle promises. This is not the time to take changes with the national safety through any stoppage of defense work or defense production. Instead, this is the time for all of us to work in harmony for the good of the individual and the common good of all the people of these United States.

Every American owes that to himself and to the nation, which has given him so much.

Yes, this nation has given to you and given to me the right to life, liberty and the pursuit of happiness and these are among the greatest blessings of mankind. It is our job, our everlasting job, to preserve them as we have known them and to make whatever sacrifice is necessary as individuals or as groups in order to do so.

To do anything else would be to threaten their destruction and our own at the same time.

In this hour when civilization itself is in the balance, organizational rivalries and jurisdictional conflicts should be discarded. Only by united action can we turn back the Nazi threat. The establishment of peace between labor organizations would be a patriotic step forward of incalculable value in the creation of true national unity.

I am certain that the members of the American Federation of Labor will do their full part in carrying through the program to which we as a nation are committed and that all other responsible groups will do likewise. That is the contribution the American people will demand of all groups. That is the contribution the American people are determined they shall have for the preservation of home, family and nation.

Yours is a great responsibility. Workers in bondage throughout the world look to you as producers of the weapons of freedom to release them from slavery. I know you will not fail them.

No Market in Govts. For Treasury Accounts

No market transactions in Government securities for Treasury investment accounts were completed in August, 1941, Secretary Morgenthau said on Sept. 15. There were no purchases or sales of Government securities completed in July either.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1939—	
October	$1,201,000 sold
November	2,844,350 sold
December	3,157,000 sold
1940—	
January	$9,475,000 sold
February	20,801,000 sold
March	5,700,000 sold
April	1,636,100 sold
May	387,200 purchased
June	934,000 purchased
July	No sales or purchases
1940—	
August	No sales or purchases
September	$300,000 sold
October	4,400,000 sold
November	284,000 sold
December	1,139,000 sold
1941—	
January	$2,785,000 purchased
February	11,950,000 purchased
March	No sales or purchases
April	$743,350 sold
May	200,000 sold
June	447,000 purchased
July	No sales or purchases
August	No sales or purchases

Freedom of Seas for U. S. Ships Reiterated; Launchings Called Blow at Aggressor Nations

On the occasion of the launching of 14 merchant vessels on the Atlantic, Pacific and Gulf Coasts on Sept. 27, Liberty Fleet Day, President Roosevelt declared that through the shipbuilding program we are striking "a telling blow at the menace to our nation and the liberty of the free peoples of the world." In his message, which was specially transcribed on records and broadcast at the various launchings throughout the country, the President stated that "we propose that these ships sail the seas as they are intended to," and he added that "we propose, to the best of our ability, to protect them from torpedo, from shell or from bomb."

Calling the occasion "a memorable day in the history of American shipbuilding—a memorable day in the emergency defense of the nation," the President asserted that "we must speed the program until we achieve a launching each day, then two ships a day, fulfilling the building program undertaken by the Maritime Commission." He also emphasized the "simple historic fact that throughout the period of our American life, going 'way back into Colonial days, commerce on the high seas and freedom of the seas has been a major reason for our prosperity and the building up of our country." Praising the shipworkers for "doing a great job," Mr. Roosevelt declared that "they have caught the true spirit with which all this nation must be imbued if Hitler and other aggressors of his ilk are to be prevented from crushing us."

The day was designated Liberty Fleet Day by the United States Maritime Commission in celebration of the largest mass launching of merchant ships since the World War. Three of the ships launched were the first units of the Maritime Commission's emergency fleet of freighters, of which there are 312 under construction. The principal ceremony took place at Baltimore, where the Patrick Henry, the first Liberty ship, was launched. Other launchings "from dawn to dark" included the following: the Surprise, at Chester, Pa.; the James McKay, at Baltimore; the Ocean Voice and the Ocean Ventura, both British vessels, at Richmond, Calif.; the Alcoa Polaris, at Los Angeles; the Army transport Frederick Funston, at Seattle; the African Planet, at Pascagoula, Miss.; the Louise Lykes, at Kearny, N. J.; the Steel Artisan, at San Francisco; the Adabelle Lykes, at Wilmington, Del., and the Sinclair Superflame, at Quincy, Mass.

Two other liberty fleet vessels were launched on the Pacific Coast, the John C. Freemont, at Los Angeles, and the Star of Oregon, at Portland, Ore.

The text of the President's speech follows:

My fellow Americans:

This is a memorable day in the history of American shipbuilding—a memorable day in the emergency defense of the nation. Today, from dawn to dark, 14 ships are being launched—on the Atlantic, on the Pacific and on the Gulf—and among them is the first Liberty ship, the Patrick Henry.

While we are proud of what we are doing, this is certainly no time to be content. We must build more cargo ships and still more cargo ships—and we must speed the program until we achieve a launching each day, then two ships a day, fulfilling the building program undertaken by the Maritime Commission.

Our shipbuilding program—not only that of the Maritime Commission, but of the Navy—is one of our answers to the aggressors who would strike at our liberty.

I am speaking today not only to the shipworkers in the building yards on our coasts, on our Great Lakes and on our rivers—not only to the thousands who are present at today's launchings—but also to the men and women throughout the country who live far from salt water or shipbuilding.

I emphasize to all of you the simple, historic fact that throughout the period of our American life, going 'way back into colonial days, commerce on the high seas and freedom of the seas has been a major reason for our prosperity and the building up of our country.

October Food Lists For Stamp Program

Foods which will be nationally available during October for purchase with blue stamps by families taking part in the Food Stamp program, were announced on Sept. 26 by the Department of Agriculture. These foods are obtainable throughout October in local stores in all stamp program areas. Fresh peaches, plums and prunes, obtainable for blue stamps during September, have been removed from the October list.

With this revision, the complete list of blue stamp foods for the period Oct. 1 through 31 in all stamp program areas is as follows: fresh apples, oranges and pears, fresh vegetables (including potatoes), corn meal, shell eggs, raisins, dried prunes, hominy (corn) grits, dry edible beans, wheat flour, enriched wheat flour, self-rising flour, enriched self-rising flour, and whole wheat (Graham) flour.

Moscow Conference Ends with United States And Britain to Meet Soviet War Requests

The three power conference of the United States, Great Britain and Soviet Russia, designed to work out plans for assistance to the Soviet armed forces in the war against the Axis powers, was concluded in Moscow on Oct. 1 after three days of sessions. The meeting resulted in an agreement whereby the United States and Great Britain will fill practically every Soviet need for war supplies in exchange for "large quantities" of Russian war materials. The results of the parley were announced in a joint statement issued in Moscow by W. Averill Harriman, head of the American delegation, and Lord Beaverbrook, Chairman of the British mission. The statement also said that plans have been made "to increase the volume of traffic in all directions." The joint statement as given in Associated Press Moscow advices follows:

The Moscow conference of representatives of the Soviet, American and British Governments has been brought to conclusion.

Members of the conference were directed to examine the requirements from the United States and Great Britain necessary to supply the Soviet Union, fighting to defeat the Axis powers.

The conference, which assembled under the chairmanship of Vyacheslaff Molotoff, Commissar of Foreign Affairs, has been in continuous session since Monday. It examined available resources of the Soviet Government in conjunction with the productive capacity of the United States and Great Britain.

It now has been decided to place at the disposal of the Soviet Government practically every requirement for which the Soviet military and civil authorities have asked. The Soviet Government has supplied Great Britain and the United States with large quantities of raw materials urgently required in those countries.

Transportation facilities have been fully examined and plans made to increase the volume of traffic in all directions.

M. Stalin has authorized Mr. Harriman and Lord Beaverbrook to say he expresses his thanks to the United States and Great Britain for their bountiful supplies of raw materials, machine tools and munitions of war.

The assistance has been generous and the Soviet forces will be enabled forthwith to strengthen their relentless defense and develop vigorous attacks upon the invading armies.

Mr. Harriman and Lord Beaverbrook, speaking on behalf of the United States and Great Britain, acknowledged the ample supplies of Russian raw materials from the Soviet Government which will greatly add to the output of their own weapons of war.

Mr. Harriman and Lord Beaverbrook emphasized the cordial spirit of the conference which made the agreement possible in record time. In particular they made it plain that M. Stalin was always ready with sympathetic cooperation and understanding. They thanked M. Molotoff for efficient chairmanship of the conference and all Soviet representatives for their help.

In concluding its session the conference adheres to the resolution of the three governments that after the final annihilation of Nazi tyranny a peace will be established which will enable the whole world to live in security in its own territory in conditions free from fear or need.

Arrival of the American and British missions in Moscow had been announced on Sept. 22. Prior to this the two groups had held preliminary talks for five days in London, the American delegation having arrived there on Sept. 15 by airplane. Before leaving the United States this country had received instructions from President Roosevelt at a White House conference on Sept. 12.

Constantine A. Oumansky, Soviet Ambassador to the United States, accompanied the American mission to London and later went on to Moscow to take part in the supply talks.

An American Red Cross delegation, headed by Allen Wardell, also made the trip to London incident to its study and report on the relief problem in Russia.

After five days of preparatory talks in London, Mr. Harriman disclosed on Sept. 20 that the American and British missions had reached an agreement on immediate material aid to Russia.

LEGAL ODDITIES

ONE TOOTH—$350

Bliss B. Ward, a citizen of what Mr. Dooley used to call the "imperial state of Massachusetts," sauntered into a "chain" grocery store in a Massachusetts town, and noticed on the shelves some beans in sealed tin cans, labelled "Grandmother's Brand Beans & Pork with sauce, contents 2 lbs. 1 oz.," together with the name and address of the grocery company.

This particular brand of beans had been purchased by the grocery company from a Michigan canning company of good standing—the labels were furnished by the grocery company and affixed to the cans by the canning company, so that the grocery company had no supervision over the process of canning, and no knowledge of the contents.

The outside of the cans and the color scheme of the labels appealed to the nonchalant Mr. Ward.

"I'll take a can of those 'Grandmother's beans'," he told the clerk, paid for it, took it home, began to eat the beans contained therein, broke a tooth on a pebble which had been put into the can by way of good measure, was obliged to have the tooth extracted, and sued the grocery company for damages in the Massachusetts Courts.

"We rely on the Massachusetts statute which provides that where a buyer, expressly or by implication, 'makes known to the seller the particular purpose for which the goods are required, and it appears that the buyer relies on the seller's skill and judgment, whether he be the manufacturer or not, there is an implied warranty that the goods shall be reasonably fit for such purpose,' and we're entitled to the benefit of it," Ward's attorney argued.

"The transaction between Ward and the company as to the can of beans necessarily involved a purchase of goods to be eaten. That need not be stated in precise words. It was an underlying and essential condition of the contract, implied without expression. It arose from the nature of the goods, the size of the purchase, and the terms of the label. Where the buyer expressly or by implication makes known to the seller the particular purpose for which the goods are required, and it appears that the buyer relies on the seller's skill and judgment, whether he be the grower or manufacturer or not, there is an implied warranty that the goods shall be reasonably fit for such purpose," said the Massachusetts Supreme Court, in ruling in Ward's favor on this point.

"Yes, but that does not apply to a case like this, where we were not the manufacturer and bought the goods in sealed cans, not subject to our inspection," the grocery company argued.

"You had a better chance to inspect them than we had," the attorney retorted.

"In this case Ward had no means of ascertaining the manufacturer from inspection of the goods bought. The retail purchaser in cases of this sort ordinarily would be at some disadvantage if his only remedy were against the manufacturer," said the Court, in ruling against the company.

The final argument that the beans were still eatable notwithstanding the pebbly spicing, received scant consideration from the Court.

"No discussion is required to demonstrate that canned beans and pork are not fit for consumption if they contain a pebble of sufficient size to break a tooth. It is a matter of common knowledge that pebbles are often found in raw and uncleaned beans. In domestic use, careful sorting is required to free them from such substances. It is or may be found lack of due care for one to prepare beans for eating with pebbles still among them," said the Chief Justice on this phase of the case.

The result was that Ward got $350 for his missing tooth, together with the costs of the suit.

N. Y. Exchange Appoints Arbitration Board; And Names Five-Man Advisory Committee

Robert L. Stott, Chairman of the Board of the New York Stock Exchange, has appointed, with the approval of the Board of Governors, the following members and allied members of the Exchange to serve as a Board of Arbitration, commencing Oct. 1:

Sherman M. Bijur, H. Hentz & Co.; Austin Brown, Dean Witter & Co.; Philip W. Brown, Smith, Barney & Co.; James F. Burns, Jr., Harris, Upham & Co.; Thomas R. Cox, Brinton & Co.; Herbert R. Johnson, Orvis Brothers & Co., Paul Mravlag, W. W. Lanahan & Co.; Guy Osborne, Hayden, Stone & Co.; Edward Roesler, Laidlaw & Co.; Winton G. Rossiter, Jas. H. Oliphant & Co.; David W. Smyth, Filor, Bullard & Smyth; Walter W. Stokes, Jr., Stokes, Hoyt & Co.; Jacob C. Stone, Asiel & Co.; George K. Weeks, Baker, Weeks & Harden; Hans A. Widenmann, Carl M. Loeb, Rhoades & Co.

With regard to the above Board the Exchange states:

This Board of Arbitration will replace the present Arbitration Committee in hearing and deciding claims and disputes between members, allied members and member firms. None of the arbitrators is a Governor of the Exchange.

Cases involving a member of the public may also be heard by this Board if the non-member principal so wishes. The present facilities under which a non-member may choose to have his case heard by a group of arbitrators, the majority of whom are non-members of the Exchange, will be continued. The composition of the panel of non-member arbitrators has not been changed.

The new Board of Arbitration will serve until the next annual election of the Exchange.

Emil Schram, President of the Stock Exchange, announced on Sept. 25 the appointment of the following as an Advisory Commitee to the Board of Governors: William K. Beckers, Howard B. Dean, Albert H. Gordon, Robert J. Hamershlag and George R. Kantzler.

The creation of an advisory group was contemplated in the plan of reorganization of the Exchange which became effective Oct. 1. The Exchange points out that the Committee will serve in an advisory capacity with respect to applications for membership and allied membership and any disciplinary matters that may arise affecting members and allied members of the Exchange. It may also perform advisory functions with respect to other matters. Final authority will rest with the Board of Governors. All standing Committees of the Exchange ceased to exist on Sept. 30. The announcement of the Exchange also said:

To insure the necessary continuity, the terms of the members of the Advisory Committee have been staggered at the outset as follows: Mr. Dean, two months; Messrs. Hamershlag and Gordon, three months; Messrs. Beckers and Kantzler, four months. All future appointments to the Committee will be for terms of three months. Vacancies, as they occur, will be filled from among other members of the Board, by a process of rotation.

The reorganization plan, under which these Committees are named, was referred to in our issue of July 26, page 466.

Blue Food Stamps Add $10,000,000 of Farm Products to Relief Diets in July

Blue food order stamps added slightly less than $10,000,000 worth of farm products in July to the diets of more than 3,821,000 members of families eligible to receive public assistance, the Department of Agriculture announced on Sept. 26 in its monthly report on the Food Stamp program. During July families taking part in the Food Stamp program used blue stamps, which increased their expenditures for agricultural products approximately 50% as follows: about 16% for eggs, 34% for pork products, 17% for flour and other cereals, 10% for fruit and 22% for vegetables. The Department's announcement further explained:

Purchases with blue stamps, representing new outlets for farm commodities, as estimated by the Economic Analysis Section of the Surplus Marketing Administration, inclued 4,827,000 dozen eggs, 34,451,000 pounds of white and Graham flour and 12,016,000 pounds of other cereals, 10,576,000 pounds of pork and 7,075,000 pounds of pork lard and more than 57,399,000 pounds of vegetables and potatoes.

Other blue stamp purchases during the month included 2,474,000 dozens of fresh oranges, 5,645,000 pounds of fresh peaches, 1,246,000 pounds of raisins, 1,497,000 pounds of dried prunes.

In addition to purchases of commodities with blue stamps, the Surplus Marketing Administration continued in July to distribute farm products for use in free school lunches, and to needy families in areas not served by the Food Stamp Program.

Group 2 Directors

Beardsley Ruml, Chairman of the Board of the Federal Reserve Bank of New York on Sept. 26 invited banks to Group 2 (those with capital and surplus of over $300,000 and less than $10,000,000) to nominate candidates to replace the following directors whose terms will expire Dec. 31, 1941: Class A Director, Otis A. Thompson, President, The National Bank and Trust Co. of Norwich, Norwich, N. Y., and Class B Director, Walter C. Teagle, Chairman, Board of Directors, Standard Oil Co. (New Jersey), New York City. Since both directors were elected by member banks in Group 2, their successors will be chosen by this group and the member banks in Groups 1 and 3 will not participate in this election. Nominations should be sent to the Reserve Bank by Oct. 27 in order to be voted on by banks between Oct. 30 and Nov. 14.

Comptroller Reports National Banks Earned 446,750,000 During Fist Half of 1941

Comptroller of the Currency Preston Delano announced on Sept. 29 that the 5,136 national banks in the United States and possessions reported gross earnings of $446,750,000 for the six months ended June 30, 1941. This represents an increase of $20,742,000 over the gross earnings for the six months ended June 30, 1940, when there were 5,170 national banks in operation.

Operating expenses for the first half of 1941, it is announced, were $308,777,000 as against $296,256,000 for the first half of 1940. Net operating earnings were $137,973,000, an increase of $8,221,000 over the first half of 1940. The Comptroller's announcement further said:

Adding to the net operating earnings profits on securities sold of $38,648,000 and recoveries on loans and investments, etc., previously charged off of $4,410,000, and deducting losses and depreciation of $91,158,000 the net profits before dividends for the six months ended June 30, 1941, amounted to $132,873,000, or at an annual rate of 17.42% of the par value of common and preferred stock and 7.38% of capital funds. This figure of net prifits before dividends was $19,905,000 more than the amount reported for the six months ended June 30, 1940.

The principal items of operating earnings in the six-month period ended June 30, 1941, were $220,382,000 from interest and discount on loans, an increase of $19,370,000 over corresponding period in 1940; and $141,772,000 from interest and dividends on bonds and securities, a decrease of $291,000. The principal operating expenses were $129,984,000 for salaries and wages of officers and employees, and $50,484,000 expended in the form of interest on time and savings deposits.

Profits on securities sold during the six months ended June 30, 1941, aggregated $38,648,000 as against $53,286,000 in the six-month period ended June, 1940. Losses and depreciation on bonds and securities totaling $44,073,000 were $10,915,000 less than in the first six months of 1940.

Dividends declared on common and preferred stock in the first half of 1941 totaled $69,398,000, in comparison with $68,259,000 in the first half of 1940. The annual rate of dividends was 9.10% of common and preferred capital and 3.86% of capital funds.

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