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## Industrial Activity Continues at a High Rate According to Federal Reserve Board

Industrial activity continued at a high rate in September and the first half of October, the Board of Governors of the Federal Reserve System announced on Oct. 20, in its summary of general business and financial conditions in the United States, based upon statistics for September and the first half of October. Further advances in the output of defense products were accom-

panied by curtailment in some lines of civilian goods, particularly automobiles, rubber, and silk, the Board said, adding that prices of industrial products increased further but agricultural prices declined after the middle of September, and on Oct. 16 dropped sharply in response to international developments. The Board's summary continued:

### Production

Industrial output increased by about the usual seasonal amount in September and the Board's adjusted index remained at 160% of the 1935-1939 average, the same as in July and August.

Continued increases in activity were reported in the machinery, aircraft, and shipbuilding industries. At steel mills activity in September and the first half of October was maintained at about 97% of capacity. Output and deliveries of non-ferrous metals likewise remained at about capacity levels, while lumber production declined somewhat from the high August rate. Automobile production increased less than seasonally in September, following the changeover to new models, and, according to preliminary estim-

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## Home Loan Banks now Begin Their Tenth Year

The Federal Home Loan Bank System began the tenth year of its operations on Oct. 15, with its member thrift institutions more active than at any time in the past decade, James Twohy, Governor of the System, announces. He reported that resources of the 3,839 members, which are largely savings, building and loan associations, now total \$5,300,000,000, a gain of nearly \$400,000,000 over the past year. Mr. Twohy added:

By almost all measurements, the ninth year just closing has witnessed the greatest improvement in condition of the member institutions since the System was founded in 1932. At the same time, the associations exceeded all records in making long-term loans on homes and providing investment plans for the savers in their communities.

During the 12 months ending June 30, these associations loaned \$1,085,000,000, as compared with \$894,000,000 in the previous year, a step-up of 21.3%. Much of this increase represents the financing of homes for workers in the areas of defense industries in order to provide acutely needed housing.

On the other side of the picture, member associations have greatly augmented the volume of savings they hold. During the latest reporting 12-months period, the savings and loan members registered an increase of \$355,000,000 or 12% in the amount of people's savings in their custody. This gain in the receipt of new funds is obviously important during the present national crisis when a multiplied volume of saving by individuals is vital to the safety of our economy.

## THE FINANCIAL SITUATION

It is hardly surprising that the unending series of labor difficulties by which American industry has been beset for a long while past should be viewed at this time by the rank and file almost wholly in terms of impediments placed in the path of the defense program. The veritable flood of propaganda about the urgency of arming ourselves and every other nation and people who are opposing the Axis powers (albeit with indifferent accomplishment) has so centered the attention and emotions upon that subject that any event or circumstance, whatever its nature or origin, which obviously further retards that effort is setdown by the average man as a matter having to do with the defense program and with little else. There can, of course, be no doubt, no matter what the labor apologists have to say on the subject, that all manner of disputes, which have no basis in unreasonably low wages, over-long hours, or working conditions, have become one of the major handicaps now being suffered by all those engaged in the defense program.

The fact is, however, that all this carries implications for American industry in its peace-time operations, and for the American consumer (which means everybody) fully as serious as those which have to do with the defense program as such, and these implications have their roots in the basic nature of the changes that are taking place in our thinking and in our emotions, not in mere "internecine strife" among the unions as the Administration would have us believe. It is true that what are known as jurisdictional disputes have long been a thorn in the side of certain industries in this country, and it is equally true that the rise of the CIO has injected factors into the labor movement, so-called, which have given rise to a large and costly increase in this type of interruption of work. It is not true, however, that one could reasonably expect to reach a satisfactory condition of affairs as a result of any form of coalition between the two opposing factions in American labor.

Far from it. The whole trend of our labor policy is definitely in the direction of complete monopoly, and complete monopoly in labor has precisely the same shortcom-

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## FROM WASHINGTON AHEAD OF THE NEWS

A sidelight on Mr. Roosevelt's make-up, though scarcely new, is the reappearance in Washington of the famous Passamaquoddy project. It is by way of "being revived—as a defense measure. First signs are a Government exhibit on the Mall showing what a tremendous boon to the country it would be. It is believed to be only a matter of time that the White House again submits it to Congress, as another aid in the defeat of Hitler.

Mr. Roosevelt never gives up on these things. They seem so small and trivial in retrospect, too, that you wonder why he goes back to them. Back in 1936 the Republicans made a carnival out of the Passamaquoddy absurdity. It epitomized the reckless spending of the New Deal. The fact that the War Department advertised for bids for love seats for the workers added to the gaiety. But Mr. Roosevelt has been re-elected twice since then and Passamaquoddy is just a little dot in the general craziness of things. The Nation has become so shock-proof since it was originally submitted that the matter of the President waging a naval war without authority of Congress doesn't seem to particularly move it. In view of the distance which the President has come and the country along with him, how in the name of goodness, can he think to go back and revive a relatively unimportant proposition that was denied him?

Not unlikely, the Passamaquoddy project will be sent up to Congress in time to be

lumped in with the pork barrel rivers and harbors bill, now pending in the House, and which already embraces such "defense" enterprises as the Florida ship canal and the St. Lawrence waterways project. The latter is another one of Mr. Roosevelt's determinations which you wonder why he revived after attaining so many other and more important accomplishments.

The conclusion is inescapable that Mr. Roosevelt is a man who doesn't intend to be outdone on anything he undertakes. Since he has consolidated his power he goes back and resurrects what were at the time unimportant deals. He is apparently determined that the record will show that not once did he seek one teeny little thing without getting it. Presumably, the same propaganda will attend the Passamaquoddy project as is being spread around the St. Lawrence project—that had Congress acted when he first submitted these projects the country would now be in a better position to face Hitler. Of course, neither project would have been completed.

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## Binders For The Convenience Of Our Subscribers

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

Editorial—

## Taxation Problem Extraordinary

Remarkably little attention has been paid lately by the Administration in Washington to that curious and singular taxation problem which springs from the dual sovereignties of our Federal and State governments. The reciprocal immunity from taxation of governmental instrumentalities is emphasized by the current total of approximately \$60,000,000,000 Federal securities which the States cannot reach, and some \$18,000,000,000 to \$20,000,000,000 of State and local government bonds which the Federal regime cannot tax.

There has been much nonsense uttered about tax exemption, and a good deal of it has come from high quarters. The problem is an old one that has been fought out on a legal basis time and again for considerably more than a century. All the legal battles were important in their day, but they had less economic significance than does the same question at the present period. At bottom, however, the question remains that of dual sovereignty, and of continuance of four peculiarly American system or a turn to something else.

The income tax brought the matter to the fore more pointed than ever. Every Federal Administration that has been in power since the Sixteenth Amendment was adopted has noted regretfully the existence of large amounts of reciprocally exempt securities. Some tentative efforts were made to terminate this situation, and as many aspects were explored it appeared ever more obvious that a Constitutional Amendment would be required to end tax immunities.

Such is still the situation today, notwithstanding efforts by President Roosevelt and his associates to terminate tax exemption by means of a "short and simple statute." On two occasions, Mr. Roosevelt urged Congress to enact such a law. Congress not only failed to comply with the Presidential ukase, but a special Senate Committee turned down the proposal with praiseworthy force.

Committees of both Houses had investigated the problem closely, and had found that tax exemption was not the sort of black blot on the taxation escutcheon which it had been pictured. Only to an extremely modest degree, it appeared on close examination, did wealthy individuals, "lolling on the warm sands of Palm Beach," find exempt securities a haven of refuge from taxation. A special Senate Committee declared, accordingly, that the Administration proposal for a short and simple statute is economically unsound and unconstitutional.

"It is based," said the report, "upon a theory of tax evasion that is not supported by the facts. Though it has been popularized with the public as a device to obtain additional taxes from the wealthy, it would in reality place upon the States, and particularly upon the cities, a heavy burden of increased taxation. Stripped of its popular catch phrases, it would simply shift a further, and perhaps unsupportable burden, on the home owner and the rent payer."

After that report was made early last year, the Administration seemingly decided to abandon efforts for a short and simple statute. Two legal actions were started, involving bonds of the Port of New York Authority and the Triborough Bridge Authority, with the aim of presenting the question once more to the Supreme Court. It will, however, be some time before the Board of Tax Appeals and the Circuit Court of Appeals can rule on the dispute and send it upward to the Supreme Court.

Nor is it at all certain that the Supreme Court, even as now constituted, will look upon the question in the light that Mr. Roosevelt sees it. The impressive series of court decisions initiated by Chief Justice John Marshall in 1819, which established tax immunity as an indisputable outflow from sovereign rights, cannot fail to impress even a high court entirely appointed by President Roosevelt, if that should happen to be the make-up of the Court by the time these cases are placed before it for decision. Still other attempts to gain a Congressional reaction favorable to the views of the Administration are more than possible, in these circumstances.

In a return to the attack, after a long period of Administration silence, Charles L. Kades, Assistant General Counsel for the Treasury Department, hinted at fresh moves through the Congressional route. Addressing the recent St. Paul meeting of the National Tax Association Conference, Mr. Kades paraded all the old misconceptions about reciprocal tax immunity and closed with the confident prediction that "when the next tax bill has been enacted into law, Congress will have once more placed itself on the side of fairness and justice in taxation and will have ended this flagrant example of tax immunity for a favored few."

Fortunately, the States now are organized to meet any such attack and are well prepared, in this connection at least, to exercise that eternal vigilance which is the price of liberty. It was largely due to the Conference on State

Editorial—

## Parity Railroad Wages, Plus

One of the chief grotesques of the topsyturvydom in which Americans live under Franklin Roosevelt and his New Deal, which is nothing but the grandiose revival and interested exploitation of nearly every one of the ancient and discredited economic nostrums of all time, is the strange concept of so-called "parity prices" for agricultural products, with the derivative dogma that they must have perpetual recognition as law-supported and enforced minimums, without reciprocal acknowledgment of any maximums whatsoever.

For the moment, cotton supplies the most spectacular illustration of this extraordinary doctrine. Recently, for the first time since the period of plowing-under that signaled the advent of Mr. Roosevelt as dictator of Federal economic policies, the market price of this staple product of Southern agriculture was allowed to become less than wholly artificial. The current spot-price, influenced by war-time demand that is principally domestic and reflective of our own most extraordinary war effort, stands at almost seventeen cents a pound, or at a figure so much above cost of production that a few years ago it would have been recognized as representing quite limitless prosperity. But the producers, and the politicians who are dependent upon their favor, cannot forget that the 1914-1918 World War sent the American price soaring to 43¾ cents. So, although a "parity price" was insisted upon when demand was low and the market correspondingly weak, the claim now is that there must be no "ceiling" to limit further increases, however great they may become, and, furthermore, that the Federal Government must not be allowed to market any part of the hoard of 7,000,000 bales which it has hitherto acquired in carrying out its highly costly effort to spread the protecting blanket of an artificially augmented price over an aggregate of production largely exceeding the current demand for consumption. Substantially, the whole field of American agriculture has been subjected to this strange and uneconomic doctrine—and the cost has fallen heavily, for more than eight years, upon all domestic consumers and upon all who pay or contribute to the payment of Federal taxes.

Hitherto this specious doctrine has been maintained solely in behalf of domestic agriculture. It has been represented, as must irrefutably appear when it is intelligently analyzed, that some intrinsic weakness in the status of agricultural producers prevents them from realizing, in a free market and under the normal reactions of supply and demand, returns sufficient for their own subsistence under suitable conditions, and that, in consequence, all the other producers of the country must be taxed to provide the farmers with unearned subsidies. It is alleged that they have failed to obtain their "fair" and "proper" share of the national income, that such a share must be secured to them by taxation levied upon others; which is, of course, the exact equivalent of asserting that all the rest of the public, taken in the aggregate, receives an unjustly large and excessive share of such income, and that the excess ought to be taken away by taxation and distributed among the farmers. Obviously, such doctrine is certain to be highly attractive to those who believe themselves to be within the scope of its benefits. As such, it tends to spread to any group or class which can be self-deluded to the acceptance of some sufficiently plausible sophistry to the point of believing that its membership ought to live beneath the gratuitous shelter of some equally fanciful conception of obligatory parity. Parity wages naturally follow from observations of the enjoyments of parity prices.

The million or more railroad employees appearing, by their representatives, before the special tribunal designated

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Defense, which includes the Attorneys General of nearly all States and officials of thousands of municipalities, that a thorough airing was given the question. The further progress of this Administration program can, therefore, be viewed with a certain degree of equanimity.

Meanwhile, it seems clear that further exploration ought to be attempted of the Constitutional Amendment method of terminating tax immunity. The economic aspect of the problem is far less pronounced than the totals of reciprocally immune securities might suggest, and it assuredly does not warrant Treasury comments about millionaires clipping tax free coupons while basking at Palm Beach. It is, nevertheless, an anomaly that could be set aside through the proper avenue of an Amendment, if the people so decide after a full hearing. Such an Amendment can be drawn in a manner to safeguard completely the rights of the States, and avoid the rocks that Marshall foresaw when he declared that the "power to tax involves the power to destroy."

## From Washington

(Continued from first page)

Aside from the money they cost—the initial appropriation for the St. Lawrence project alone being \$275,000,000—they require essential defense materials which industries out in the country are being denied, and in many instances, having to close down for lack of them.

Donald Nelson, in charge of priorities, is enjoying quite a vogue in Washington as a real cracker-down, a man who intends to exercise a firm hand and get some orderliness out of the administrative chaos. He has announced that OPM will prevent the pork barrel authorizations of Congress by simply refusing priorities on the necessary material. Let's see if he withholds priorities from the Florida ship canal, the St. Lawrence and the revised Passamaquoddy projects.

Mr. Roosevelt personally isn't so much concerned in the Florida ship canal. This is part of the price of Senator Claude Pepper's all-out support of the democracies. The sparks are going to fly when it comes up in the Senate, too, because Pepper is just about the most unpopular member of that body.

Knudsen and Stettinius once went before a House committee and recommended the St. Lawrence project as essential to defense. They did not really think it was, told their friends privately they did not think so. They were trying to get along in the contentious atmosphere of Washington. So let's see what Nelson does about it.

Official Washington is watching with keen interest to see what kind of a solution Judge Sam Rosenman works out in the conflict between Work Projects Administrator W. J. Carmody and Charles F. ("Chuck") Palmer, Defense Housing Coordinator. It has been going on for at least six months.

As head of the Work Projects Administration, Carmody is head of just about six different Government building agencies. They all overlap and get on one another's toes. His publicity men describe him as the Nation's biggest landlord. When "defense housing" became another undertaking of the Government—the erection of houses in mushroom defense communities—it was placed under him and he set up another building agency known as the Defense Housing Administration. Then Mrs. Roosevelt brought in "Chuck" Palmer, an Atlanta real estate man, to be the Defense Housing Coordinator. If anything, that is what Carmody was supposed to be.

Carmody is a pretty capable man and the record shows that he has a good case against Palmer. The latter has insisted on his building at places far removed from the industries in which the workers were employed, and the record is that several of the housing projects have gone unoccupied for many months. It would seem that the simple thing to do would have been to pull Palmer off the job of "coordinating" and place him somewhere else. But he is Mrs. Roosevelt's protege and here is a prediction that the Rosenman report will give Carmody the shorter end of the stick.

Rosenman settled the months old conflict in the defense production set-up, it will be recalled, by subordinating the Dollar-a-year men and placing the New Dealers in control.

When Mrs. Roosevelt expresses shock, as she did in a radio speech recently, that the Germans are encouraging the women to have children out of wedlock, the idea comes from "Wild Bill" Donovan's Office of Coordination of Information. This sort of stuff is what the office is supposed to

do—work out propaganda ideas. About once a week some 100 or so college heads and professors get together with Donovan and Jimmy Roosevelt and the thinking is terrific. Their business is to outthink Hitler's propagandists. When they do it, they have some difficulty in placing their ideas. They have no medium of circulation of their own. They must place the idea with an appropriate agency, but other agencies are jealous of them, particularly the FBI, Secret Service, and the intelligence services of the Army and Navy. But Mrs. Roosevelt is a willing vehicle.

Donovan is really not very happy. He would much rather be leading a battalion in the field. He was a fighting "fool" in the First World War—wounded three times and decorated three times.

Speculative Washington is wagging its tongues over the report that Mr. Roosevelt has directed his aides to work out a \$50 billion annual expenditure from now on. It shows his determination to go the limit of appropriating against Hitler, of course, but there are many who wonder if he isn't trying to test the patience of the American people at the same time. Our experience so far shows that the money can't possibly be spent. But as we have mentioned before, in the effort to spend so much "for defense" the domestic economy is being dislocated.

From what one hears around Washington, the impression is that next to defeating Hitler, Mr. Roosevelt's greatest problem is what to do with Tommy Corcoran. It is an insight to the President's character that he feels obligated to Tommy, yet nobody has ever caused him so much trouble. Tommy worked his "closeness" to the President to a fare-you-well. He had the knack of "using" the Washington gossip columnists to build himself up as one of the most powerful men in Washington, but in doing this he cost the President some of his most loyal friends: Jack Garner, for example. He helped disrupt the Democratic party. Apparently, he made the mistake in the last campaign of resigning the \$9,000 a year job in the RFC from which he had operated but for which he never did any work, to campaign for Mr. Roosevelt's reelection. In doing this he got on the toes of Ed Flynn, Chairman of the Democratic National Committee. He made no bones about the fact that he wanted the "independents" whom he headed, to be the ones to reelect the President. As to just who reelected him is beside the point. The fact is that Tommy has never been able to get back in the Government. And the stories of the money he has made lobbying are exaggerated. Government departments, in view of the publicity he has got, are beginning to fight shy of him.

But the President still feels kindly towards him and has gone out of his way in an effort to help him. He has advanced him for several jobs, only to have the men to whom he was talking bristle and say absolutely "no." Recently, the President, talking to a friend, said: "I suppose the only thing we can do is to dress him up in stripe trousers and make a Cordell Hull out of him."

Which is quite revealing as to Mr. Roosevelt's mind. He thinks Tommy has been greatly wronged, that his shortcoming is that he has not been dignified, and the comparison with Cordell Hull is revealing as to how he has always resented the latter's standing.

Leon Henderson has sent three men to Canada, to study that

Editorial—

## Parity Railroad Wages, Plus

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by the President to adjudicate their demands for greatly increased wages, now sitting in Chicago, have not applied the term "parity" in the presentation of their case, but their arguments would support that characterization, using the term as something implying some right to receive consideration and favor upon other than economic grounds. In fact, it has become the customary practice of the leaders of the organizations of railroad employees to press their regularly recurring applications for increased wages upon one or the other, and sometimes both, of two alternative grounds. When railroad gross receipts seem to be rising, the union leaders are always alert and quick to insist that the proportion of the total of such receipts expended for wages shall not be allowed to diminish, but, when total receipts do not rise, or advances in costs of necessary materials and supplies or heavier taxation encroach too severely to allow plausible presentation of arguments based upon that factor, the alternative argument is that wages must be increased in order to maintain the wages of all the different grades of railroad operatives at the same relative levels, as compared with the highest paid employees in other industries. This is precisely the "parity" argument relied upon by the self-constituted representatives of agriculture, and the conception of parity is as interested and reflective of myopic selfishness in the one case as in the other. As used by the union leaders who have appeared during the hearings in Chicago in support of higher railroad wages, the argument and the contentions upon which it is based are specious and unsound in the last degree. They cannot survive the test of anything more than the most superficial examination.

Consider, for example, the cases of the locomotive engineers and train conductors. These are the highest paid of all railroad operatives and, as a class, their earnings, upon an annual basis, probably quite considerably exceed those of any other large class of the artisans of this country, that is to say, of any in the world. For many of them, and those the highest paid of all, the hours of labor are very short—a hundred miles traversed, no matter how rapidly, being the contractual equivalent of a full day's employment and entitling the worker to be paid as for an entire day.

There was a time, so long ago that few railroad men have any recollection of such conditions, when every locomotive engineer was a splendidly trained and capable mechanic. He knew every detail and device of the locomotive which he operated and could have taken it apart and put it together again, after making repairs, from its small and primitive fire-box to its flickering headlight. It was not infrequently that he had to utilize this knowledge and all his hard-acquired skill, for the locomotives of that day were imperfect machines made of materials most of which would now be rejected as too inferior for use, and rarely could one be operated from one division terminal to another without being stopped by the necessity for adjustments and repairs which every engineer had been educated to make. Wayside repairs have long been a thing of the past and no modern engineer has been trained to make them. Control of train operations by means of mechanically or electrically actuated roadside signals was, in those primitive days, a dream of the remote future, imperfectly realized in a few experimental installations that had not yet acquired the faint adumbration of the almost-perfection of the present day nor in any degree established the practical reliability which had to precede confidence. To an extent incalculably greater than at present, the locomotive engineers in control of the small wood-burning locomotives of the decade from 1870 to 1880, held in their sole custody the lives and safety of themselves, of their train-crews, and of the passengers and property carried in their trains. Improvements in equipment, signals, and road structures have revolutionized the picture. Whoever has operated an automobile in a city street, or upon any

### ABA R. E. Mortgage Clinic

A Real Estate Mortgage Clinic will be held in Philadelphia Oct. 30-31 by the American Bankers Association, it is announced by Stuart C. Frazier, President of the Association's Savings Division and Vice-President of the Washington Mutual Savings Bank, Seattle, Wash. The two-day series

country's price fixing plan. There is a well-founded theory in Washington that McKenzie-King, Canadian Premier, took the price fixing ball first in an effort to help his friend, Mr. Roosevelt, in this country.

of open forum discussions of real estate mortgage lending will be conducted under the direction of Dr. Ernest M. Fisher, A. B. A. Director of Research in Mortgage and Real Estate Finance. The discussions will be woven around the theme of "Mortgage and Real Estate Problems of Banks in the Emergency." Banks in four States and the District of Columbia will send delegates to the clinic. The States are Delaware, Maryland, New Jersey, and the eastern portion of Pennsylvania. In all, there are 1,395 banks in the area. Headquarters for the meeting will be the Bellevue-Stratford Hotel.

considerably traveled public highway, at a speed of as much as thirty miles an hour, and there are few American men or women in sound health who have not done so many times, has performed a feat incomparably more nervously and physically exhausting, as well as vastly more difficult and hazardous, both to himself and to others, than is now required of any locomotive engineer at the head of any train operated between any train terminals within the continental area of the United States. The highest speed attained by any passenger train anywhere between its terminals is every day exceeded by many automobile drivers, including boys and girls from eighteen to twenty years of age, operating without wayside signals of any sort, and overtaking and passing cars run at lower speeds as well as passing opposing traffic, upon thousands of concrete highways connecting American centers of population. Upon the same arteries of travel and transportation, unlighted save by the headlights of the rapidly moving motor vehicles, and unprotected by signals during most of the time, and throughout most of their length, great and heavily loaded motor trucks and uncounted passenger vehicles, operated at various speeds, pass and re-pass, frequently at high velocities, throughout all the hours of darkness as well as by daylight. It is a ridiculous anachronism to suppose or to suggest that the calling of a locomotive engineer, as now practiced, remains so difficult and exacting as to place those who follow it in a preferred class as properly the most highly remunerated among American workers.

Locomotive engineers usually are, and ought always to be, men of alert intelligence, well-skilled and fully conscious of their notable responsibilities. They ought as well to feel themselves a part of a splendid and ably administered industry and full participants in all its vicissitudes of difficulty and prosperity. Nothing in their employment, or in its tasks or responsibilities, entitles them to be parasites upon the transportation industry or upon the public which actually supplies the railroads with all the funds with which they can pay wages and taxes. The position of a railroad conductor was once about equivalent to that of the captain of a ship navigating upon the high seas. He was the chief and the ultimate authority during every progress between the stations at which he could receive orders and make reports. Nominally still in the same relation to train operations, he has become a great deal less in the dwindling significance of his functions. If you happen to be a passenger upon the train that is supposed to be under his direction, you will usually find him and his little tin trunk occupying two seats or a section or a drawing room in a pullman, slowly and listlessly sorting or checking tickets that have been handed to him by the brakeman or train-auditor who has relieved him of the duty of ticket collection. He wears a white collar and the invariable blue livery of his calling, his long service may be attested by the gold braid upon his sleeve, he may be about to retire upon an enviably large Federal pension, supplemented in many cases by an increment voluntarily added by his employer, and he is almost always an agreeable gentleman, tolerant but a trifle bored by the public with which he has to deal. But it has become entirely unreasonable that he should be as highly paid as the locomotive engineer of the same train or that his annual remuneration should very largely exceed the yearly earnings of (say) the best craftsmen among the carpenters working in the suburban village in which he probably resides.

The adjudicating body now in session in Chicago is not likely to give consideration to such matters as these. They have been cautiously avoided by the representatives of the employees, and scarcely alluded to in the testimony and arguments emanating from the employers' side. Something of the untouchable and the sacrosanct seems tacitly to be conceded to whatever already exists in these matters of relationships in wages. They partake, perhaps, of the nature of sleeping dogs, which no one is willing to arouse, lest they prove to be ferocious and ready and able to rend and tear. But if questions of "parity," or of "parity plus," are placed in issue, these ancient relationships, which have long outlived whatever reasonable basis they ever had, must be seen to be the very essence of such discussion. Whoever then seeks and determines to avoid them will be doing nothing except to evade and ignore whatever fundamental responsibility he has assumed or accepted. Nearly all railroad labor, since the last great war, has been overpaid, in comparison with most other labor, and at the expense, very largely, of the poorest among those who work and dwell in cities and the least prosperous of those who inhabit rural communities. By organized pressure and political favor, it has been made into a highly favored class and its natural greed has been encouraged to a point at which it appears to be quite insatiable. There is no reason why the unjust disparities should be continued in its favor. There is every reason for protesting, in the name of all other labor, all poverty, and all frugal living, against their enhancement at this period of general sacrifice and public exigency.

# The State Of Trade

Business activity continues to expand, with electric output reported at a new all-time high and steel operations, coal production and petroleum runs to stills showing moderate gains.

However, a dip in freight carloadings occurred in the week ended last Saturday, according to the report issued by the Association of American Railroads, indicating a contra-seasonal contraction in traffic at a time of the year when the railroads normally prepare for the peak movement. The total revenue cars loaded amounted to 903,877, a drop of 13,639 cars, or 1.5% from the previous week's level, and contrasted with the yearly peak thus far of 919,510 cars registered in the week ended Sept. 27th.

Effects of the lack of materials in non-defense lines and the consequent slackening of demand for transport service were seen in the week's rail traffic. Officials who have claimed that the season's peak has already been passed, pointed to the significant drop of 4,328 cars in miscellaneous freight last week as well as lower totals in less-than-carload merchandise and grain.

Steel operations this week are scheduled to be at 97.8% of ingot capacity, according to an estimate of the American Iron & Steel Institute. A year ago operations were scheduled at 94.9%. There is a possibility that steel production will be severely curtailed before the winter is over as a result of labor conditions and a shortage of scrap, says the trade publication "Steel."

Automobile production last week was the largest in several weeks, indicating the new model season is gaining headway. The week's output was 85,600 units. This compares with 114,672 cars produced in the corresponding week of last year.

Labor disturbance continues a factor of no little importance. At the moment the Chicago district is the focal point in the labor situation, the short interruption of a week ago, which cost considerable production, being followed by various movements looking to a closed shop. Observers regard the situation as anything but healthy and fraught with dire possibilities.

The unemployment problem in small industries and some of the larger manufacturing centers outside the national defense areas which is being created by operation of the priorities system, started a Congressional upheaval that may lead to a special investigation of the system.

Reports that entire factories have been compelled to close their doors for lack of some essential material that would keep them going, and failure of national defense officials to foresee this problem earlier and make plans for it, has stirred up a publication reaction back home that is putting the members on the spot and raising a clamor for Congressional action.

Industrial activity continued at a high rate in September and the first half of October. Further advances in the output of defense products were accompanied by curtailment in some lines of civilian goods, particularly automobiles, rubber and silk, according to the Federal Reserve Board. Prices of industrial products increased further, but agricultural prices declined after the middle of September, and on Oct. 16th, dropped sharply in response to international developments, according to the Federal Reserve. It is further stated that industrial output increased by about the usual seasonal amount in September and the Board's adjusted index remained at 160% of the 1935-1939 average, the same as July and August.

Observers point out that although there has been considerable discussion in Government

circles over the need of reducing consumer purchasing power, no specific new action is anticipated this year at least, barring active American participation in the war. It is pointed out that much of the expansion in pay rolls has stemmed from re-employment rather than from wage increases, and there is extreme reluctance in Administration circles to impose pay roll levies on such earnings.

Indications are that consumer purchasing power will remain at present high levels until after the turn of the year. Since no serious shortages of durable goods are anticipated until next year, purchasing power will not be deflected into non-durable goods for the time being, observers state.

## Industrial Activity Still at a High Rate

(Continued from first page) Output in September was considerably below the maximum quota that had been authorized by the Government.

In the textile industry activity declined somewhat in September, reflecting mainly a further sharp reduction at silk mills. Activity at wool mills rose to a new high level, while at cotton mills there was little change from a rate slightly below the peak reached last May. Shoe production continued in large volume, and output of manufactured food products was maintained near the peak August level. Output of chemicals likewise continued at earlier high rates, but at rubber plants activity was considerably below the level of last summer owing to curtailment programs ordered by the Government.

Coal production, which during the summer months had been unusually large, increased less than seasonally in September, owing in part to temporary work stoppages at some bituminous and anthracite mines. Crude petroleum production advanced to record levels in September and the first half of October, and output of metals and shipments of iron ore down the Lakes continued at about capacity.

Value of construction contract awards declined in September, according to figures of the F. W. Dodge Corp., reflecting chiefly decreases in awards for public projects which had been exceptionally large in August. Awards for private residential building also declined, while contracts for other private work increased somewhat further. Total awards in September, as in August, were 80% larger than in the corresponding period last year. This higher level reflected mainly a greater amount of public construction, which was nearly three times as large as a year ago, compared with an increase of about 10% for private construction.

On Oct. 9, the Supply Priorities and Allocations Board announced that, effective immediately, no public or private construction projects which use critical materials could be started during the emergency unless these projects were either necessary for direct national defense or essential to the health and safety of the nation.

**Distribution**  
Distribution of general merchandise showed less than the

## Reeves Named Asst. to Mutual Life President

Clifford B. Reeves has been appointed Assistant to the President of the Mutual Life Insurance Co. of New York. This announcement was made on Oct. 15 by Lewis W. Douglas, President of the company, who stated that Mr. Reeves will assume his new duties on Nov. 1, when he will resign as Vice-President of Doremus & Co., New York advertising agency, to join the Mutual Life. Mr. Reeves has been associated with Doremus & Co. since 1933. From 1928 to 1933, he was connected with the investment banking firm of J. G. White & Co., Inc., of which he was a director. Prior to that, he was engaged in newspaper work and business publishing. He is a writer on financial and economic subjects, and has contributed articles to leading American periodicals in recent years.

customary seasonal rise in September, following an unusually large volume of sales in August. During the past three months sales have been larger than in the corresponding period of any previous year. In the first half of October sales at department stores declined from the peak reached in late September when there were considerable consumer purchases, particularly of articles subject to higher taxes on Oct. 1.

Loadings of revenue freight in September increased less than seasonally, particularly those of miscellaneous freight, which have been high in recent months, and loadings of coal, which were curtailed during part of the month by work stoppages at some mines. Shipments of forest products declined considerably from the high August level.

## Commodity Prices

Prices of industrial products continued to advance in September and the first half of October and Federal price ceilings were announced for additional commodities, including leading types of lumber, coke, wastepaper, paperboard, acetic acid, alcohols, and carded cotton yarns. In some cases these ceilings were below previously existing market quotations. Price advances were permitted, however, for some other commodities under Federal control. Prices of cotton and of foodstuffs increased further in the first half of September, but subsequently declined, owing partly to seasonal influences. On Thursday, Oct. 16, prices of these commodities dropped sharply.

## Bank Credit

Commercial loans at member banks continued to rise during September and the first half of October, reflecting in part defense demands. Increases were substantial both in New York and in other leading cities. Holdings of United States Government obligations decreased, mainly at banks in leading cities outside of New York. Excess reserves of member banks showed little change in this period.

## United States Government Security Market

Following a slight decline in the first half of September, prices of long-term Treasury partially tax-exempt bonds increased during the latter half of September and in the first part of October. The yield on the 2 3/4% bonds of 1960-65 reached a new record low of 2.01% in October. Prices of taxable bonds moved within a relatively narrow range during the period with yields slightly above previous low levels.

## Daily Average Crude Oil Production for Week Ended Oct. 18, 1941, Gains 39,600 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for week ended Oct. 18, 1941 was 4,110,550 barrels. This was a gain of 39,600 barrels from the output of the preceding week and the current week's figures were above 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. 18, 1941 is estimated at 4,025,550 barrels. The daily average output for the week ended Oct. 19, 1940, totaled 3,667,550 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, 4,120,000 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, 82,584,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,909,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

| State                           | aB. of M. Calcu- lated Re- quire- ments (October) | State Allow- ables | Actual Production       |                           |                            |                         |
|---------------------------------|---|--------------------|-------------------------|---------------------------|----------------------------|-------------------------|
|                                 |   |                    | Week Ended Oct. 18 1941 | Change from Previous Week | 4 Weeks Ended Oct. 18 1941 | Week Ended Oct. 19 1940 |
| Oklahoma                        | 481,500   | 428,000            | 648,100                 | +10,100                   | 425,950                    | 398,350                 |
| Kansas                          | 253,000   | 253,000            | 259,800                 | +28,150                   | 247,450                    | 195,450                 |
| Nebraska                        | 5,300   | -----              | 65,700                  | -550                      | 6,250                      | 2,550                   |
| Panhandle Texas                 | -----   | -----              | 80,400                  | -4,000                    | 79,150                     | 80,500                  |
| North Texas                     | -----   | -----              | 104,750                 | +900                      | 103,250                    | 111,200                 |
| West Central Texas              | -----   | -----              | 31,000                  | +150                      | 30,800                     | 31,250                  |
| West Texas                      | -----   | -----              | 282,850                 | +3,150                    | 268,250                    | 239,400                 |
| East Central Texas              | -----   | -----              | 85,450                  | +1,950                    | 83,400                     | 77,850                  |
| East Texas                      | -----   | -----              | 369,900                 | +200                      | 351,900                    | 374,900                 |
| Southwest Texas                 | -----   | -----              | 219,350                 | +850                      | 208,800                    | 224,550                 |
| Coastal Texas                   | -----   | -----              | 292,000                 | -1,150                    | 281,550                    | 236,000                 |
| Total Texas                     | 1,420,100   | 1,485,966          | 1,465,700               | +2,050                    | 1,407,100                  | 1,375,650               |
| North Louisiana                 | -----   | -----              | 80,150                  | +50                       | 80,200                     | 66,400                  |
| Coastal Louisiana               | -----   | -----              | 265,350                 | +9,150                    | 257,450                    | 218,200                 |
| Total Louisiana                 | 332,000   | 339,233            | 345,500                 | +9,200                    | 337,650                    | 284,600                 |
| Arkansas                        | 78,200  | 73,415             | 71,850                  | +600                      | 73,250                     | 69,700                  |
| Mississippi                     | 43,900  | -----              | 64,200                  | +2,000                    | 60,450                     | 14,250                  |
| Illinois                        | 399,200   | -----              | 420,100                 | +12,750                   | 420,350                    | 351,100                 |
| Indiana                         | 20,100  | -----              | 118,650                 | -600                      | 19,200                     | 18,150                  |
| Eastern (not incl. Ill. & Ind.) | 98,100  | -----              | 94,300                  | +950                      | 93,850                     | 89,700                  |
| Michigan                        | 44,100  | -----              | 59,200                  | +1,600                    | 56,150                     | 47,200                  |
| Wyoming                         | 84,300  | -----              | 85,500                  | -4,800                    | 88,300                     | 77,450                  |
| Montana                         | 20,300  | -----              | 20,050                  | -50                       | 20,350                     | 18,500                  |
| Colorado                        | 5,000   | -----              | 4,850                   | +150                      | 4,850                      | 3,600                   |
| New Mexico                      | 114,600   | 114,600            | 115,950                 | +1,450                    | 114,850                    | 101,100                 |
| Total East of Calif.            | 3,399,700   | -----              | 3,449,450               | +42,800                   | 3,376,000                  | 3,047,350               |
| California                      | 613,200   | 661,200            | 661,100                 | -3,200                    | 649,550                    | 620,200                 |
| Total United States             | 4,012,900   | -----              | 4,110,550               | +39,600                   | 4,025,550                  | 3,667,550               |

These are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of 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. 15. 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 STILL; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED OCT. 18, 1941

| District                          | (Figures in Thousands of Barrels of 42 Gallons Each) |                              |                     |                      |                                |                                |                       |                    |                              |                    |
|-----------------------------------|--|------------------------------|---------------------|----------------------|--------------------------------|--------------------------------|-----------------------|--------------------|------------------------------|--------------------|
|                                   | Daily Refin- ing Capacity                            | Po- ten- tial port- ing Rate | P. C. Re- port- ing | Crude Runs to Stills | P. C. In- cl. Daily Oper- ated | Gasoline Produc'n at Re- fined | Gasoline Unfin- ished | Stocks of Gasoline | Stocks of Re- fined Gasoline | Stocks of Fuel Oil |
| East Coast                        | 673  | 100.0                        | 684                 | 101.6                | 1,968                          | 19,559                         | 20,212                | 10,875             | E. Coast                     | 674                |
| Appalachian                       | 166  | 83.8                         | 125                 | 89.9                 | 449                            | 3,216                          | 606                   | 402                | Interior                     | 674                |
| Ind., Ill., Ky.                   | 752  | 84.4                         | 667                 | 105.0                | 2,624                          | 15,283                         | 5,862                 | 4,676              | Interior                     | 674                |
| Okla., Kans., Mo.                 | 413  | 80.7                         | 320                 | 96.1                 | 1,281                          | 7,147                          | 2,140                 | 2,137              | Coast                        | 1,387              |
| Inland Texas                      | 263  | 63.2                         | 149                 | 99.6                 | 674                            | 2,298                          | 571                   | 1,423              | G. Coast                     | 2,675              |
| Texas Gulf                        | 1,097  | 91.0                         | 995                 | 99.6                 | 3,137                          | 11,055                         | 6,358                 | 9,215              | Coast                        | 2,675              |
| Louisiana Gulf                    | 156  | 94.2                         | 156                 | 105.4                | 394                            | 2,664                          | 1,838                 | 2,069              | Coast                        | 2,675              |
| No. La. & Ark.                    | 95   | 49.9                         | 53                  | 112.8                | 153                            | 403                            | 410                   | 423                | Coast                        | 2,675              |
| Rocky Mountain                    | 136  | 50.1                         | 55                  | 80.9                 | 211                            | 1,006                          | 127                   | 325                | Calif.                       | 2,115              |
| California                        | 787  | 90.9                         | 550                 | 76.9                 | 1,628                          | 14,538                         | 12,929                | 62,875             | Calif.                       | 2,115              |
| Reported                          | -----  | 86.4                         | 3,754               | 95.7                 | 12,519                         | 77,169                         | 51,053                | 94,425             | -----                        | 6,851              |
| Estimated                         | -----  | -----                        | -----               | -----                | -----                          | -----                          | -----                 | -----              | -----                        | -----              |
| Unreported                        | -----  | -----                        | 366                 | -----                | 1,390                          | 5,415                          | 1,350                 | 1,375              | -----                        | 385                |
| aEst'd. Total U. S. Oct. 18, 1941 | 4,538  | -----                        | 4,120               | -----                | 13,909                         | 78,584                         | 52,403                | 95,800             | -----                        | 7,236              |
| aEst'd. Total U. S. Oct. 11, 1941 | 4,538  | -----                        | 4,075               | -----                | 13,515                         | 81,381                         | 51,289                | 95,527             | -----                        | 7,322              |
| U. S. B. of M. aOct. 18, 1940     | -----  | -----                        | 2,529               | -----                | 11,680                         | 80,414                         | 48,943                | 107,236            | -----                        | 6,127              |

aEstimated Bureau of Mines' basis. bAt refineries, bulk terminals, in transit and in pipe lines. cIncluded in finished and unfinished gasoline total. dOctober, 1940 daily average. eThis is a week's production based on U. S. Bureau of Mines October 1940, daily average. fFinished, 74,934,000 bbl.; unfinished, 7,650,000 bbl.

## U. S.-Haiti Pact

The signing of an executive agreement between the United States and Haiti defining the financial relationship between the two countries was announced in Washington by the State Department on Sept. 13. The agreement, which was signed at Port-au-Prince, is also designed to safeguard the interests of holders of 1922 and 1923 Haitian bonds. In reporting the signing of the agreement, United Press advices from Washington, Sept. 13, had the following to say:

Under the agreement, the National Bank of the Republic of Haiti was reorganized, with a new board of directors consisting of three Haitians and three Americans. The Americans are W. H. Williams, a resident of Port-au-Prince and general manager of the bank, Thomas Pearson of Asheville, N. C., deputy general receiver of Dominican customs, and Edward F. Roosevelt of New York, representative for several years of United States business concerns in France, Belgium and Spain.

## Revenue Freight Car Loadings During Week Ended Oct. 11, 1941 Totaled 903,877 Cars

Loading of revenue freight for the week ended Oct. 11 totaled 903,877 cars, the Association of American Railroads announced on Oct. 16. The increase above the corresponding week in 1940 was 91,971 cars, or 11.3%, and above the same week in 1939 was 63,925 cars, or 7.6%.

Loadings of revenue freight for the week of Oct. 11 decreased 13,639 cars, or 1.5% below the preceding week.

Miscellaneous freight loading totaled 392,599 cars, a decrease of 4,328 cars below the preceding week, but an increase of 43,687 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 160,718 cars, a decrease of 591 cars below the preceding week, but an increase of 57 cars above the corresponding week in 1940.

Coal loading amounted to 171,694 cars, an increase of 1,596 cars above the preceding week, and an increase of 51,384 cars above the corresponding week in 1940.

Grain and grain products loading totaled 36,553 cars, a decrease of 3,627 cars below the preceding week, and a decrease of 721 cars below the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Oct. 11 totaled 23,856 cars, a decrease of 2,353 cars below the preceding week, but an increase of 75 cars above the corresponding week in 1940.

Live stock loading amounted to 20,226 cars, an increase of 1,335 cars above the preceding week, but a decrease of 1,483 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Oct. 11 totaled 16,573 cars, an increase of 1,088 cars above the preceding week, but a decrease of 1,006 cars below the corresponding week in 1940.

Forest products loading totaled 44,832 cars, a decrease of 1,606 cars below the preceding week, but an increase of 3,735 cars above the corresponding week in 1940.

Ore loading amounted to 64,096 cars, a decrease of 6,018 cars below the preceding week and a decrease of 6,266 cars below the corresponding week in 1940.

Coke loading amounted to 13,159 cars, a decrease of 400 cars below the preceding week, but an increase of 1,578 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding week in 1940, except the North Western and all districts reported increases over 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         |
| 5 Weeks of April     | 2,793,563         | 2,495,212         | 2,225,188         |
| 4 Weeks of May       | 4,160,527         | 2,351,840         | 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         |
| 4 Weeks of September | 3,539,171         | 3,135,122         | 3,102,236         |
| Week of Oct. 4       | 917,516           | 806,004           | 830,102           |
| Week of Oct. 11      | 903,877           | 811,906           | 839,952           |
| <b>Total</b>         | <b>33,084,877</b> | <b>28,207,950</b> | <b>25,955,998</b> |

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 11, 1941. During this period 94 roads showed increases when compared with the same week last year.

| Railroads                          | Total Revenue Freight Loaded |                |                | Total Loads Received from Connections |                |
|------------------------------------|------------------------------|----------------|----------------|---------------------------------------|----------------|
|                                    | 1941                         | 1940           | 1939           | 1941                                  | 1940           |
| <b>Eastern District—</b>           |                              |                |                |                                       |                |
| Ann Arbor                          | 566                          | 588            | 765            | 1,482                                 | 1,235          |
| Bangor & Aroostook                 | 1,245                        | 892            | 1,149          | 290                                   | 253            |
| Boston & Maine                     | 9,047                        | 7,568          | 7,933          | 13,533                                | 10,728         |
| Chicago, Indianapolis & Louisville | 1,591                        | 1,449          | 1,693          | 2,426                                 | 2,254          |
| Central Indiana                    | 26                           | 19             | 25             | 58                                    | 53             |
| Central Vermont                    | 1,506                        | 1,347          | 1,246          | 2,463                                 | 2,331          |
| Delaware & Hudson                  | 7,562                        | 6,074          | 6,102          | 10,782                                | 7,837          |
| Delaware, Lackawanna & Western     | 9,729                        | 9,357          | 10,734         | 8,712                                 | 7,530          |
| Detroit & Mackinac                 | 502                          | 502            | 430            | 141                                   | 125            |
| Detroit, Toledo & Ironton          | 2,366                        | 2,530          | 2,564          | 1,295                                 | 1,148          |
| Detroit & Toledo Shore Line        | 406                          | 356            | 325            | 3,766                                 | 2,493          |
| Erie                               | 16,447                       | 14,291         | 14,554         | 15,702                                | 14,441         |
| Grand Trunk Western                | 5,148                        | 5,319          | 4,972          | 9,337                                 | 7,819          |
| Lehigh & Hudson River              | 217                          | 204            | 213            | 2,912                                 | 2,105          |
| Lehigh & New England               | 2,238                        | 1,968          | 2,207          | 1,807                                 | 1,113          |
| Lehigh Valley                      | 10,120                       | 9,254          | 9,808          | 9,592                                 | 7,159          |
| Maine Central                      | 3,221                        | 2,705          | 2,917          | 2,852                                 | 2,064          |
| Monongahela                        | 7,101                        | 3,268          | 5,710          | 424                                   | 218            |
| Montour                            | 2,073                        | 2,136          | 2,180          | 52                                    | 54             |
| New York Central Lines             | 52,461                       | 46,097         | 46,788         | 52,224                                | 40,409         |
| N. Y., N. H. & Hartford            | 12,631                       | 10,789         | 10,670         | 16,190                                | 13,888         |
| New York, Ontario & Western        | 1,283                        | 1,239          | 1,368          | 2,382                                 | 1,962          |
| N. Y., Chicago & St. Louis         | 7,023                        | 6,144          | 7,121          | 13,955                                | 11,069         |
| N. Y., Susquehanna & Western       | 526                          | 390            | 428            | 1,661                                 | 1,515          |
| Pittsburgh & Lake Erie             | 9,085                        | 7,906          | 7,474          | 8,716                                 | 6,955          |
| Pere Marquette                     | 6,315                        | 7,020          | 6,614          | 6,352                                 | 5,214          |
| Pittsburgh & Shawmut               | 669                          | 512            | 677            | 44                                    | 67             |
| Pittsburgh, Shawmut & North        | 421                          | 421            | 465            | 514                                   | 215            |
| Pittsburgh & West Virginia         | 1,277                        | 598            | 1,382          | 2,535                                 | 1,896          |
| Rutland                            | 615                          | 674            | 717            | 1,205                                 | 987            |
| Wabash                             | 5,946                        | 6,072          | 6,183          | 10,842                                | 9,222          |
| Wheeling & Lake Erie               | 5,390                        | 4,556          | 5,349          | 4,436                                 | 3,191          |
| <b>Total</b>                       | <b>184,753</b>               | <b>162,245</b> | <b>170,763</b> | <b>208,742</b>                        | <b>167,550</b> |
| <b>Allegheny District—</b>         |                              |                |                |                                       |                |
| Akron, Canton & Youngstown         | 725                          | 599            | 534            | 1,087                                 | 1,032          |
| Baltimore & Ohio                   | 41,447                       | 34,181         | 37,520         | 23,830                                | 18,587         |
| Bessemer & Lake Erie               | 5,847                        | 6,982          | 5,473          | 2,285                                 | 2,348          |
| Buffalo Creek & Gauley             | 313                          | 270            | 315            | 5                                     | 23             |
| Cambria & Indiana                  | 2,001                        | 1,568          | 1,594          | 17                                    | 4              |
| Central R.R. of New Jersey         | 8,492                        | 7,925          | 7,604          | 16,526                                | 12,949         |
| Cornwall                           | 732                          | 663            | 673            | 42                                    | 47             |
| Cumberland & Pennsylvania          | 295                          | 268            | 298            | 34                                    | 54             |
| Ligonier Valley                    | 135                          | 129            | 154            | 35                                    | 52             |
| Long Island                        | 899                          | 1,014          | 604            | 2,952                                 | 3,132          |
| Penn-Reading Seashore Lines        | 1,774                        | 1,631          | 1,528          | 3,058                                 | 1,784          |
| Pennsylvania System                | 88,152                       | 72,582         | 77,904         | 60,256                                | 45,092         |
| Reading Co.                        | 17,563                       | 15,585         | 15,355         | 24,705                                | 18,704         |
| Union (Pittsburgh)                 | 19,963                       | 19,292         | 17,785         | 5,963                                 | 5,949          |
| Western Maryland                   | 4,449                        | 3,578          | 4,373          | 8,399                                 | 7,262          |
| <b>Total</b>                       | <b>192,787</b>               | <b>166,267</b> | <b>171,714</b> | <b>148,194</b>                        | <b>117,019</b> |
| <b>Pocahontas District—</b>        |                              |                |                |                                       |                |
| Chesapeake & Ohio                  | 30,232                       | 22,800         | 29,452         | 14,269                                | 10,960         |
| Norfolk & Western                  | 25,324                       | 20,215         | 24,205         | 6,353                                 | 5,307          |
| Virginian                          | 4,684                        | 4,142          | 4,644          | 2,003                                 | 1,638          |
| <b>Total</b>                       | <b>60,240</b>                | <b>47,157</b>  | <b>58,301</b>  | <b>22,625</b>                         | <b>17,905</b>  |

## On The Foreign Front

### European Markets

Narrow movements and restricted trading were reported this week on stock exchanges in the leading European financial centers. The London Stock Exchange was dull in the final sessions of last week, but improved slightly as dealings were resumed on Monday. Slowing of the German drive toward Moscow heartened the British market to a degree. Far Eastern securities advanced when the Japanese failed to make military gestures of the more ominous variety, and Mexican oil shares jumped after relations were resumed between London and Mexico City. But British funds hardly varied and the large groups of industrial and rail stocks also were barely maintained, pending further war developments.

The Bourse at Amsterdam was weak and strong by turns, with interest still centered in the stocks of companies based at East Indian points or in Britain and North America. Such issues moved a few points upward early this week, owing to the German difficulties in Russia. The French markets are functioning quietly under strict controls, and have been stable recently. The Boerse in Berlin is dispirited, despite the string of Nazi victories, for a good deal of official pressure has served to keep movements low and speculation at a minimum.

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| Railroads                        | Total Revenue Freight Loaded |                |                | Total Loads Received from Connections |               |
|----------------------------------|------------------------------|----------------|----------------|---------------------------------------|---------------|
|                                  | 1941                         | 1940           | 1939           | 1941                                  | 1940          |
| <b>Southern District—</b>        |                              |                |                |                                       |               |
| Alabama, Tennessee & Northern    | 380                          | 282            | 282            | 199                                   | 167           |
| Atl. & W. P.—W. R.R. of Ala.     | 901                          | 866            | 919            | 2,129                                 | 1,701         |
| Atlanta, Birmingham & Coast      | 854                          | 742            | 647            | 1,209                                 | 811           |
| Atlantic Coast Line              | 11,115                       | 10,413         | 9,320          | 7,011                                 | 5,941         |
| Central of Georgia               | 4,861                        | 4,476          | 4,323          | 4,414                                 | 3,773         |
| Charleston & Western Carolina    | 472                          | 460            | 476            | 1,501                                 | 1,179         |
| Cincinnati                       | 1,768                        | 1,310          | 1,437          | 2,769                                 | 1,971         |
| Columbus & Greenville            | 394                          | 413            | 478            | 405                                   | 372           |
| Durham & Southern                | 214                          | 160            | 183            | 458                                   | 372           |
| Florida East Coast               | 422                          | 520            | 605            | 1,050                                 | 1,190         |
| Gainsville Midland               | 41                           | 31             | 48             | 83                                    | 103           |
| Georgia & Florida                | 1,467                        | 1,221          | 1,072          | 2,295                                 | 1,713         |
| Georgia & Florida                | 535                          | 332            | 342            | 611                                   | 467           |
| Gulf, Mobile & Ohio              | 4,313                        | 3,904          | 3,705          | 3,629                                 | 3,509         |
| Illinois Central System          | 28,388                       | 25,186         | 27,003         | 14,994                                | 13,704        |
| Louisville & Nashville           | 27,064                       | 21,386         | 26,160         | 9,157                                 | 6,676         |
| Macon, Dublin & Savannah         | 185                          | 134            | 175            | 702                                   | 541           |
| Mississippi Central              | 189                          | 173            | 214            | 368                                   | 323           |
| Nashville, Chattanooga & St. L.  | 3,839                        | 3,293          | 3,020          | 3,375                                 | 2,932         |
| Norfolk Southern                 | 1,530                        | 1,259          | 1,340          | 1,447                                 | 1,333         |
| Piedmont Northern                | 512                          | 440            | 418            | 1,802                                 | 1,125         |
| Richmond Fred. & Potomac         | 389                          | 389            | 388            | 5,967                                 | 3,734         |
| Seaboard Air Line                | 10,575                       | 9,863          | 9,614          | 7,315                                 | 5,146         |
| Southern System                  | 26,181                       | 23,905         | 23,905         | 21,404                                | 16,839        |
| Tennessee Central                | 500                          | 507            | 406            | 789                                   | 593           |
| Winston-Salem Southbound         | 173                          | 167            | 234            | 932                                   | 868           |
| <b>Total</b>                     | <b>127,262</b>               | <b>111,432</b> | <b>116,714</b> | <b>96,035</b>                         | <b>77,083</b> |
| <b>Northwestern District—</b>    |                              |                |                |                                       |               |
| Chicago & North Western          | 22,598                       | 23,474         | 22,117         | 14,886                                | 11,308        |
| Chicago Great Western            | 2,981                        | 2,994          | 2,862          | 3,488                                 | 3,303         |
| Chicago, Milw., St. P. & Pac.    | 23,964                       | 22,625         | 22,800         | 9,689                                 | 8,572         |
| Chicago, St. P., Minn. & Omaha   | 4,291                        | 3,885          | 4,248          | 4,727                                 | 4,435         |
| Duluth, Missabe & Iron Range     | 21,284                       | 21,366         | 15,285         | 300                                   | 255           |
| Duluth, South Shore & Atlantic   | 1,038                        | 1,318          | 1,560          | 545                                   | 547           |
| Elgin, Joliet & Eastern          | 9,993                        | 9,315          | 8,538          | 10,464                                | 6,802         |
| Ft. Dodge, Des Moines & South    | 593                          | 629            | 515            | 144                                   | 178           |
| Great Northern                   | 25,400                       | 26,872         | 25,912         | 4,684                                 | 3,642         |
| Green Bay & Western              | 1,640                        | 1,668          | 1,835          | 680                                   | 710           |
| Lake Superior & Ishpeming        | 1,960                        | 3,585          | 4,095          | 90                                    | 82            |
| Minneapolis & St. Louis          | 2,172                        | 2,600          | 2,263          | 2,460                                 | 2,532         |
| Minn., St. Paul & S. M.          | 7,604                        | 7,734          | 7,880          | 3,139                                 | 2,945         |
| Northern Pacific                 | 13,694                       | 12,772         | 13,397         | 5,123                                 | 3,741         |
| Spokane International            | 186                          | 298            | 266            | 337                                   | 271           |
| Spokane, Portland & Seattle      | 2,701                        | 2,075          | 1,569          | 2,562                                 | 1,907         |
| <b>Total</b>                     | <b>141,089</b>               | <b>142,210</b> | <b>134,142</b> | <b>63,318</b>                         | <b>51,330</b> |
| <b>Central Western District—</b> |                              |                |                |                                       |               |
| Atch. Top. & Santa Fe System     | 24,004                       | 22,438         | 23,165         | 9,378                                 | 7,617         |
| Alton                            | 3,100                        | 3,077          | 3,166          | 2,940                                 | 2,289         |
| Bingham & Garfield               | 673                          | 500            | 435            | 86                                    | 72            |
| Chicago, Burlington & Quincy     | 18,817                       | 18,346         | 19,467         | 11,994                                | 10,463        |
| Chicago & Illinois Midland       | 2,599                        | 2,252          | 2,192          | 976                                   | 712           |
| Chicago, Rock Island & Pacific   | 13,422                       | 13,440         | 13,234         | 10,945                                | 9,645         |
| Chicago & Eastern Illinois       | 2,842                        | 2,675          | 2,936          | 3,094                                 | 2,797         |
| Colorado & Southern              | 1,033                        | 857            | 1,093          | 2,072                                 | 1,610         |
| Denver & Rio Grande Western      | 4,720                        | 3,987          | 5,088          | 5,061                                 | 4,220         |
| Denver & Salt Lake               | 1,054                        | 903            | 1,093          | 12                                    | 27            |
| Fort Worth & Denver City         | 1,141                        | 1,330          | 1,250          | 1,120                                 | 1,040         |
| Illinois Terminal                | 1,906                        | 1,797          | 1,988          | 2,151                                 | 1,613         |
| Missouri-Illinois                | 1,044                        | 1,045          | 1,257          | 427                                   | 404           |
| Nevada Northern                  | 2,046                        | 1,853          | 1,598          | 156                                   | 140           |
| North Western Pacific            | 1,402                        | 938            | 1,013          | 563                                   | 507           |
| Peoria & Pekin Union             | 17                           | 5              | 37             | 0                                     | 0             |
| Southern Pacific (Pacific)       | 32,873                       | 28,101         | 27,167         | 7,914                                 | 5,378         |
| Toledo, Peoria & Western         | 357                          | 355            | 464            | 1,773                                 | 1,434         |
| Union Pacific System             | 21,446                       | 19,568         | 21,269         | 14,649                                | 11,089        |
| Utah                             | 564                          | 482            | 710            | 5                                     | 8             |
| Western Pacific                  | 2,140                        | 1,913          | 1,941          | 4,604                                 | 3,390         |
| <b>Total</b>                     | <b>137,200</b>               | <b>125,862</b> | <b>130,716</b> | <b>79,920</b>                         | <b>64,355</b> |
| <b>Southwestern District—</b>    |                              |                |                |                                       |               |
| Burlington-Rock Island           | 183                          | 188            | 183            | 244                                   | 307           |
| Gulf Coast Lines                 | 3,339                        | 2,603          | 2,600          | 2,188                                 | 1,725         |
| International-Great Northern     | 1,968                        | 1,880          | 1,865          | 2,219                                 | 2,052         |
| Kansas, Oklahoma & Gulf          | 193                          | 276            | 352            | 1,135                                 | 902           |
| Kansas City Southern             | 2,840                        | 2,229          | 2,028          | 2,812                                 | 2,173         |
| Louisiana & Arkansas             | 2,511                        | 2,207          | 2,370          | 2,255                                 |               |

Foreign Front

(Continued from page 725) age at the time. Marine circles in New York made it known at the same time that the U. S. owned ship Bold Venture, 3,222 tons, flying the Panamanian flag, had gone down after a torpedo attack on a voyage to England.

Convoys apparently was the duty of the Kearny, when she was hit by a German torpedo. Debates on the nature of the mission and the precise circumstances surrounding the attack obviously are advisable, in view of the belated disclosures regarding the Greer incident. The fact cannot be expunged, however, that American lives now have been lost in the European war. The grim aftermath of complete American involvement may be delayed somewhat longer, but there cannot be two opinions concerning the tendency.

Japan Prepares

Grave portents now have appeared in the Far East, owing to a change of government in Japan which obviously is designed to provide flexibility, in the event of European developments of which Tokio may wish to take political and military advantage. The Cabinet headed by Premier Prince Fumimaro Konoye resigned last Friday, and was replaced by a regime under the leadership of Lieut. Gen. Hideki Tojo, whose leanings toward German militarism are well known. Although Tokio dispatches cheerfully report that the new Japanese Government intends to seek an accord with the United States, the mere fact of the change indicates plainly that the emphasis has shifted in Japanese diplomacy and that conciliation has been supplanted by hopes of fresh conquests.

The Konoye regime endeavored since last August to develop a rapprochement with the United States, and a personal note from the Premier to President Roosevelt was part of that plan. The exchange has never been published, but the lack of success is glaringly obvious in the continued economic sanctions applied by the United States, Great Britain and the Netherlands East Indies to Japan. A change in Japanese policy is not surprising, in the circumstances, and the requirements of "face saving" made a governmental change necessary.

All the traditions of Japan were observed in this Cabinet change, which was accompanied by official statements about the difficulties of "Japanese policy" and the "national mission." After due consultations with Emperor Hirohito, which filled the Premier with "awe," Prince Konoye resigned his post, and early last Saturday a new regime under the leadership of the Army favorite, General Tojo, was organized. For the vital Foreign Affairs post the new Premier chose Shigenori Togo, former Ambassador at Berlin and Moscow, while the Finance Ministry was entrusted to Okinobu Kaya, who steadily has been associated with Konoye, in one capacity or another.

The outstanding circumstance about the new regime was its military character. All members were regarded as inclined toward the expansionist policy fostered by the Japanese Army and accepted, more or less willingly, by the Navy. The increase of Army influence in the Cabinet is indicative, it may be presumed, of fresh land adventures in Japanese militarism, and the conclusion probably is warranted that the Cabinet change was made with a view to a move against the Soviet Russian Maritime Provinces of Siberia, which long have

(Continued on page 730)

Electric Output For Week Ended Oct. 18, 1941 Shows Gain Of 15.3% 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. 18, 1941 was 3,273,184,000 kwh. The current week's output is 15.3% above the output of the corresponding week of 1940, when production totaled 2,837,730,000 kwh. The output for the week ended Oct. 11, 1941 was estimated to be 3,314,952,000 kwh., an increase of 17.7% over the like week a year ago.

Table with 5 columns: Major Geographic Regions, Week Ended Oct. 18, '41, Week Ended Oct. 11, '41, Week Ended Oct. 4, '41, Week Ended Sept. 27, '41. Rows include New England, Middle Atlantic, Central Industrial, West Central, Southern States, Rocky Mountain, Pacific Coast, and Total United States.

Table with 7 columns: Week Ended, 1941, 1940, Percent Change from 1940, 1939, 1938, 1937. Rows list weekly data from June 7 to Nov. 1.

Table with 7 columns: Month, 1941, 1940, Percent Change from 1940, 1939, 1938, 1937. Rows list monthly data from January to December.

Steel Stocks Being Redistributed - U. S. Navy Under "No Hoarding" Ban - Output At 96%

The "Iron Age" in its issue of Oct. 22 reported that the U. S. Navy Department, one of the last strongholds of those believing that a large inventory of materials, like steel, is necessary for production of such defense items as warships, has finally come under the "no-hoarding" ban of the Office of Production Management.

To hasten the proper distribution of vital materials, the OPM has imposed a 60-day inventory regulation of all Navy yards and shops, so that supplies of steel plates and other critical items cannot be hoarded for use many months ahead while privately-owned plants, defense and non-defense, are short of material.

Other steps being taken to bring out and redistribute stocked defense materials are likely to show that the Navy is not alone in indulging in a wholly (up to now) natural desire to foresee shortages and take the necessary steps to assure continuance of production, whether defense or non-defense. Banks, insurance companies, loan companies and other similar agencies are being used to track down stores of supplies, which, government defense agencies declare, are now vital to the nation's security.

This week it seemed clear that industry in the United States is entering a period of forced compliance with priorities, and of increased allocation of materials where the spread between supply and demand is too wide to permit the effective use of priority ratings.

One of the most drastic steps taken by any government agency in the defense program so far—a step which will curtail production in hundreds of civilian product plants—is the OPM Priorities Division order restricting non-defense industry's use of copper by 40% until the end of this year, and completely prohibiting its use for such purposes after Jan. 1, 1942. The order bans the use of copper in building construction after Nov. 1, 1941.

Meanwhile the steel industry is continuing its week-after-week schedule of near-capacity operations, with ingot production this week estimated by the "Iron Age" at 96%, a one point decline from last week's revised rate of 97.5%. This week, at last, strikes figures in ingot production and the Great Lakes Steel Corp. strike at Detroit slashed the operating rate there to 39% from 74% a week ago. Before this strike, the Detroit steel rate was the highest in the nation at 107.5%.

In the Great Lakes Steel shutdown, as in several other "vital-plant" strikes in the last year, the picture is clouded, beyond the fact that local strike leaders (or so it seems) are again out of control of the national SWOC leaders. 50% of the plant's September shipments were for defense purposes, and half the orders being held up are for defense. Since the strike's beginning, the OPM has been urging the mill to greater speed in supplying material for trucks for Russia. Great Lakes Steel has orders from most of the Army arsenals and has received pleas from several of the arsenals for shipment of material that should have been rolled early this week. The plant is preparing for the production of ship plate, one of the tightest of de-

fense items, and its major contribution to defense at the present time is material for gun carriages, tanks, aircraft, light gage oil containers and military trucks.

The Great Lakes Steel strike may be classified as a "mystery" strike although the possibility that it is one of a series of "feeler" strikes intended to see how much the public will stand in the way of a knockdown fight in steel over the closed shop and dues checkoff can hardly be ignored.

In other steel producing areas, the shortage of scrap was added to strikes as a factor in mill schedules. Lack of scrap has forced curtailment of operations at Bethlehem Steel Co.'s Lackawanna plant at Buffalo and lowered the ingot production rate for that area to 94.5% from 106% last week. Lukens Steel Co., Coatesville, Pa., was forced to lay off an openhearth furnace this week because of lack of scrap but a slight gain at another plant left the ingot rate for the Eastern Pennsylvania district unchanged. An allocation of scrap to a mill in Southern Ohio permitted an increase in steel production there. Slight operating gains are reported at Pittsburgh and Chicago.

The steel industry this week continued to book more tonnage than is being produced or shipped, although the influx of new orders is still below the record-breaking volume of August.

Fabricated structural steel awards rose to 25,500 tons from 23,900 tons last week, the outstanding lettings being 5,000 tons for a Navy air base at Weymouth, Mass.; 3,700 tons for an extension to the Bell Aircraft plant at Niagara Falls, N. Y.; 3,600 tons for the Aluminum Co. of America at Bauxite, Ark., and 3,500 tons for Bonneville-Vancouver transmission towers. New structural steel projects of 32,500 tons compare with 12,800 tons a week ago.

Reinforcing steel awards of 13,250 tons include 3,500 tons at Oklahoma City, Okla., for the Midwest Air Depot, 2,200 tons for a Federal office building in Maryland and 1,400 tons for a drydock at the Brooklyn Navy Yard.

THE "IRON AGE" COMPOSITE PRICES

Table with multiple columns for Finished Steel, High, Low, and Steel Scrap prices from Oct. 21, 1941, back to 1929. Includes sub-sections for High and Low prices for various steel types.

The American Iron and Steel Institute on Oct. 20 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 97.8% of capacity for the week beginning Oct. 20, compared with 98.4% one week ago, 96.8% one month ago and 94.9% one year ago. This represents a decrease of 0.6 points or 0.6% from the preceding week. Weekly indicated rates of steel operations since Oct. 7, 1940, follow:

Table with 4 columns: 1940, 1941, Apr, Jly. Rows show weekly operating rates from Oct 7, 1940 to Oct 14, 1941.

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. 20, stated:

Threatening labor conditions and continued shortage of steel-making scrap cast their shadows over the steel industry, with possibility of steel production being severely curtailed before the winter is over.

At the moment the Chicago district is the focal point in the labor situation, the short interruption of a week ago, which cost considerable production, being followed by various movements looking toward a closed shop and fraught with dynamite as they develop. Results of the campaign in that district are expected to be followed by similar tactics in other centers. A Detroit producer is strike-bound, with two blast furnaces and a dozen open hearths down.

Unsettled strike against a Cleveland builder of automobile frames has caused at least three automobile builders to cease production, much of their output being for defense. Various other labor interruptions are taking place; the aggregate causing a great loss of production.

Currently steelmaking scrap is in an easier position, though the long-range prospect is little changed. Slightly more remote scrap prices is being released. An Eastern steelmaker last week appealed to Washington to avert sharp curtailment in its open-hearth department and orders were given to nearby dealers to move supplies at once. A tonnage from the Philadelphia navy yard was also shipped. The relief is only temporary unless general supply is increased. The scrap industry is moving to meet requirements of the recent priority order, but it is too soon to evaluate its effects on the situation in general. One result will be a better distribution and shipments will be to those most in need. With winter at hand and reserves low, the outlook is dismal unless the current movement is sharply increased.

The next few weeks will determine whether the supply is definitely too low to meet steelmaking demands, as seems probable.

Automobile production last week was the largest in several weeks, indicating the new model season is gaining headway. The week's output was 85,600 units, 6,535 more than 79,065 in the previous period. This compares with 114,672 cars produced in the corresponding week a year ago. Doubt is expressed that this rate can be maintained and it is believed automobile builders will be unable to obtain sufficient steel to produce as many cars as allowed under the reduced schedule allowed by OPM.

Decision by SPAB to allow no construction except for national defense or health and safety of the public has had no direct effect so far though its implications have caused some work to be abandoned. It is understood strict application is not to be made on projects well advanced and these may be completed. Sufficient defense building is in hand to keep structural mills and fabricators busy over an extended period, the former now being crowded to make deliveries in time to meet erection schedules.

Possibility of lend-lease purchase by Great Britain of 200 light locomotives, 20,000 freight cars and 250,000 tons of steel rails for use in Iran to carry war supplies to Russia overhangs the railroad situation. The purchase depends on progress of the campaign in Russia. If consummated it would defer deliveries to American railroads.

Production rebounded 2 points last week to 96½%, the principal factor being resumption at Chicago after labor interruption. The rate there advanced 10½ points to 101%, from a revised rate of 90½% the previous week. Cincinnati gained 6 points to 88% and Cleveland 1 point to 99%. Pittsburgh lost 1 point to 98%, Detroit 8 points to 83 and Wheeling 3 points to 93%. Other centers showed no change from the previous week: Youngstown, 98; New England, 90; Buffalo, 93; Eastern Pennsylvania, 93; Birmingham, 95 and St. Louis 83.

Movement of Lake Superior iron ore already has passed the high mark set in 1929 and unless late weather conditions are bad it seems likely 79,000,000 tons will be moved this year, which would set a mark 14,000,000 tons above the previous record. Great Lakes fleet is 100% active, with 292 ships in the ore trade, this condition obtaining since May 1. This season 17 Canadian ships have aided in ore transport.

Under ceiling price restrictions composite prices necessarily hold unchanged, finished steel at \$56.60, iron and steel at \$38.15 and steelworks scrap at \$19.16.

### August Production Of Natural Gasoline Higher

The production of natural gasoline increased in August, 1941, according to reports received by the Bureau of Mines, U. S. Department of the Interior. The daily average in August was 7,640,000 gallons compared with 7,116,000 gallons in July. The most outstanding increase occurred in Louisiana where a large recycle plant was put in operation. Other increases occurred in the Texas Gulf, East Texas, and Panhandle districts. Stocks decreased, amounting to 256,494,000 gallons on Aug. 31, 1941, compared with 265,314,000 gallons on July 31, and 323,484,000 gallons on hand Aug. 31, 1940.

| State                  | Production |           | Aug. 31, 1941 |              | July 31, 1941 |              | Aug. 31, 1940 |              |
|------------------------|------------|-----------|---------------|--------------|---------------|--------------|---------------|--------------|
|                        | Aug. 1941  | July 1941 | At Plants     | At Terminals | At Plants     | At Terminals | At Plants     | At Terminals |
| East Coast             | 5,930      | 5,636     | 58,516        | 52,536       | 57,014        | 51,473       | 57,014        | 51,473       |
| Appalachian Ill. Mich. | 5,760      | 5,544     | 41,093        | 18,751       | 7,014         | 473          | 8,316         | 454          |
| Kentucky               | 32,597     | 31,375    | 249,056       | 265,936      | 2,394         | 36,505       | 2,898         | 35,528       |
| Oklahoma               | 5,330      | 5,248     | 46,803        | 41,901       | 84            | 1,799        | 126           | 1,753        |
| Kansas                 | 105,255    | 100,749   | 744,668       | 588,745      | 7,686         | 100,054      | 6,384         | 106,232      |
| Texas                  | 20,345     | 10,454    | 87,997        | 73,730       | 84            | 2,439        | 42            | 2,152        |
| Louisiana              | 2,908      | 2,955     | 22,969        | 20,624       | 168           | 332          | 336           | 318          |
| Arkansas               | 8,921      | 8,897     | 66,177        | 60,710       | 5,796         | 2,366        | 5,712         | 2,103        |
| Rky. Mount'n           | 49,792     | 49,726    | 384,225       | 389,319      | 80,052        | 1,976        | 83,412        | 1,805        |
| California             | 236,838    | 220,584   | 1,701,504     | 1,512,252    | 107,436       | 149,058      | 111,636       | 153,678      |
| Total                  | 7,640      | 7,116     | 7,002         | 6,198        |               |              |               |              |
| Daily average          | 5,639      | 5,252     | 40,512        | 36,006       | 2,558         | 3,549        | 2,658         | 3,659        |
| Daily average          | 182        | 169       | 167           | 148          |               |              |               |              |

### Petroleum And Its Products

The Federal Government will purchase the industry's entire production of 100 octane aviation gasoline on a three-year contract basis as an intermediate step to assure the Army and Navy of needed supplies during the expansion of refining facilities for aviation gasoline currently underway under a plan submitted to a group of industry representatives in Washington by W. W. Gary, refining director of the Office of the Petroleum Coordinator, this Monday. He pointed out that such a move also would benefit the industry since it would guarantee the refiners a long-term market for their product.

The highest possible obtainable priorities for all types of equipment required to make 100 octane aviation gasoline is favored by the Supply, Priorities and Allocations Board, Mr. Gary told the assembled oil men. He pointed out that the joint Army and Navy Munitions Board has approved preference ratings of A-1-A for immediate construction of new plants to expand the present refinery capacity of about 40,000 barrels daily to a minimum of 80,000 barrels daily. Also, Mr. Gary added, the Board is willing to consider requests for the remainder of the program, contemplating production of 120,000 barrels daily by 1943 as soon as the first 100% expansion becomes a reality.

Among the oil executives at the meeting were Arthur E. Pew, Sun Oil Co.; T. W. Moore, C. F. Smith and H. G. Burks, Jr., Standard Oil Co. of N. J.; H. W. Field of the Atlantic Refining Co. and representatives from the Continental Oil Co.; Standard Oil of Indiana; Humble Oil & Refining; Magnolia Petroleum; Texas Co.; Island Empire Refinery; Wasatch Oil Refining; Idaho Refining and Standard Oil of California. In addition to the proposed three-year contract the oil men participated in discussions with the Federal officials on ways and means of tripling the 100 octane refining capacity with special attention paid to possible technical improvements. The developments of a "bottle-neck" in petroleum refining capacity was disclosed by Oil

Coordinator Ickes at his press conference on October 16 in Washington, and it was pointed out that should a shortage become actual, quick expansion of refining facilities would be necessary to prevent possible nationwide restrictions upon the use of crude and refined products. Plans to meet any possible shortage in refining capacity will be developed after a check has been made within the next 30 days of the extent of the "shortage," he stated. In addition to possible assistance from the Federal Government in the expansion of existing refinery facilities and construction of new plants, the SPAB will be asked to set priorities up for the needed materials both for industry and Government expansion plans.

High priority ratings have been granted for the construction of seven new plants for production either of 100 octane aviation gasoline or of the base stock and blending agents used in making this fuel, the Oil Coordinator announced at the meeting. This move, he declared, opens the way for final, rapid consideration of plants to triple the country's refinery capacity of about 40,000 barrels daily of 100 octane aviation gasoline. Ratings for the seven plants increases to 15 the total of aviation gasoline plants now building or under discussion. Mr. Ickes also disclosed that rail tank car movements in the East continue to rise.

As 15 United States tankers were reported returned to this country by the British, for an indefinite period, uncertainty as to what use the tankers, which go under the authority of Petroleum Coordinator Ickes, would be put to was felt in oil circles. Prior to the public reports of the tankers' return, James A. Moffett, Chairman of the Board, California-Texas Co., continued his attacks upon the policy of Coordinator Ickes' on tanks. Mr. Moffett charged again that the British had many more American tankers which they were able to and willing to return to this country as a result of more efficient operation of their tanker fleet. "They should be returned and the Maritime Commission given full authority to allocate the tankers where needed," Mr. Moffett stated.

E. O. Thompson, Chairman of the Texas Railroad Commission, in opposition to his two colleagues on the control agency, declared at the prorotation meeting of the Commission in Austin Monday that Texas produces all the crude oil possible without physical waste. Mr. Thompson pointed out that production should be increased at least 100,000 barrels to take up the slack caused by the failure of Oklahoma to come close to its Bureau of Mines market demand estimate. "In time of emergency, oil is the first line of defense," he said. "It is dereliction for oil production in Texas if they do not produce as much crude oil as they can without waste. Currently, oil stocks above ground have been reduced about 19 million barrels below the safety point. To hold down production in the hope of boosting the price of oil would be un-American." The November market demand for Texas of the Bureau of Mines was 1,454,700 barrels, up 36,600 barrels while nominations during November were filed at 1,392,039 barrels daily.

The petroleum industry must drill 30,000 oil producing wells during 1942, R. E. Allen, director of production of the Oil Coordinator's Office, told members of the Interstate Oil Compact Commission at their regular quarterly meeting in Fort Worth last week. "This goal must be attained," he continued, "with a reduced use of steel and metal products of all kinds. Leaders in the defense program have come

### Weekly Coal And Coke Production Statistics

The current coal report of the Bituminous Coal Division, U. S. Department of the Interior, stated that production of bituminous coal showed little change in the week ended Oct. 11. The total output is estimated at 11,150,000 net tons as against 11,125,000 tons in the preceding week. Production in the corresponding week of 1940 amounted to 8,346,000 tons.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Oct. 11 was estimated at 1,281,000 tons, an increase of 232,000 tons over the preceding week. Output in the corresponding week of 1940 amounted to 912,000 tons.

|                            | Week Ended   |             |              | Calendar Year to Date |         |         |
|----------------------------|--------------|-------------|--------------|-----------------------|---------|---------|
|                            | Oct. 11 1941 | Oct. 4 1941 | Oct. 12 1940 | 1941b                 | 1940    | 1929    |
| Bituminous coal a          | 11,150       | 11,125      | 8,346        | 382,737               | 348,205 | 412,049 |
| Total, including mine fuel | 1,858        | 1,854       | 1,391        | 1,603                 | 1,442   | 1,698   |

a Includes for purposes of historical comparison and statistical convenience the production of lignite. b Subject to current adjustment. c Sum of 41 weeks ended Oct. 11, 1941, and corresponding 41 weeks of 1940 and 1929.

|                              | Week Ended   |             |              | Calendar Year to Date |            |            |
|------------------------------|--------------|-------------|--------------|-----------------------|------------|------------|
|                              | Oct. 11 1941 | Oct. 4 1941 | Oct. 12 1940 | 1941                  | 1940 a     | 1929 a     |
| Penn. Anthracite—            |              |             |              |                       |            |            |
| Total, incl. colliery fuel b | 1,281,000    | 1,049,000   | 912,000      | 42,952,000            | 39,264,000 | 55,735,000 |
| Comm'l production c          | 1,217,000    | 997,000     | 866,000      | 40,810,000            | 37,301,000 | 51,722,000 |
| Beehive Coke—                |              |             |              |                       |            |            |
| U. S. Total                  | 124,800      | 129,700     | 81,100       | 4,768,500             | 1,894,000  | 5,349,300  |
| Daily average                | 20,800       | 21,617      | 13,517       | 19,623                | 7,794      | 22,014     |

(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.

| State                      | Week Ended  |               |             | 1939  | 1929  | 1923 e |
|----------------------------|-------------|---------------|-------------|-------|-------|--------|
|                            | Oct. 4 1941 | Sept. 27 1941 | Oct. 5 1940 |       |       |        |
| Alabama                    | 4           | 3             | 4           | 3     | (f)   | (f)    |
| Alabama                    | 356         | 357           | 294         | 282   | 346   | 398    |
| Arkansas and Oklahoma      | 104         | 87            | 85          | 84    | 135   | 88     |
| Colorado                   | 165         | 170           | 133         | 157   | 237   | 217    |
| Georgia and North Carolina | 1           | 1             |             |       | (f)   | (f)    |
| Illinois                   | 1,033       | 944           | 943         | 1,230 | 1,319 | 1,558  |
| Indiana                    | 478         | 479           | 354         | 387   | 391   | 520    |
| Iowa                       | 4           | 50            | 51          | 79    | 93    | 116    |
| Kansas and Missouri        | 142         | 150           | 142         | 155   | 155   | 161    |
| Kentucky—Eastern           | 956         | 970           | 742         | 954   | 1,004 | 764    |
| Western                    | 215         | 207           | 152         | 209   | 332   | 253    |
| Maryland                   | 36          | 36            | 25          | 36    | 35    | 35     |
| Michigan                   | 8           | 7             | 8           | 12    | 16    | 28     |
| Montana                    | 90          | 82            | 64          | 82    | 91    | 82     |
| New Mexico                 | 20          | 19            | 17          | 24    | 51    | 58     |
| North and South Dakota     | 65          | 54            | 54          | 75    | (f)36 | (f)36  |
| Ohio                       | 748         | 708           | 396         | 517   | 545   | 817    |
| Pennsylvania bituminous    | 2,711       | 2,676         | 2,332       | 2,504 | 2,876 | 3,149  |
| Tennessee                  | 145         | 146           | 100         | 132   | 110   | 118    |
| Texas                      | 8           | 9             | 10          | 15    | 20    | 26     |
| Utah                       | 106         | 104           | 91          | 107   | 134   | 121    |
| Virginia                   | 396         | 394           | 289         | 365   | 262   | 231    |
| Washington                 | 47          | 44            | 32          | 36    | 55    | 68     |
| West Virginia—Southern g   | 2,227       | 2,250         | 1,763       | 2,175 | 2,102 | 1,488  |
| Northern h                 | 859         | 847           | 546         | 689   | 744   | 805    |
| Wyoming                    | 163         | 156           | 132         | 151   | 168   | 184    |
| Other Western States c     | 1           |               | 2           |       | (f)7  | (f)4   |

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

| State                     | Week Ended  |               |             | 1939   | 1929   | 1923 e |
|---------------------------|-------------|---------------|-------------|--------|--------|--------|
|                           | Oct. 4 1941 | Sept. 27 1941 | Oct. 5 1940 |        |        |        |
| Total bituminous coal     | 11,125      | 10,950        | 8,761       | 10,460 | 11,374 | 11,310 |
| Pennsylvania anthracite d | 1,049       | 1,151         | 735         | 1,262  | 1,862  | 1,968  |
| Total, all coal           | 12,174      | 12,101        | 9,496       | 11,722 | 13,176 | 13,278 |

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.

| State | August, 1941 |            | July, 1941 | Aug., 1940 | Calendar year to the end of August |      |      |
|-------|--------------|------------|------------|------------|------------------------------------|------|------|
|       | Net tons     | % of total |            |            | 1941                               | 1940 | 1941 |

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

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

|                         |        |       |        |       |        |        |        |
|-------------------------|--------|-------|--------|-------|--------|--------|--------|
| Alaska                  | 12     | .03   | 16     | 12    | 125    | 92     | 84     |
| Alabama                 | 1,438  | 3.12  | 1,380  | 1,258 | 9,903  | 10,052 | 8,027  |
| Arkansas and Oklahoma   | 388    | .84   | 185    | 325   | 1,788  | 1,754  | 1,570  |
| Colorado                | 486    | 1.06  | 446    | 453   | 4,034  | 3,837  | 4,314  |
| Georgia and N. Car.     | 3      | .01   | 3      | 1     | 25     | 20     | 5      |
| Illinois                | 4,545  | 9.87  | 4,520  | 3,856 | 33,734 | 31,375 | 31,647 |
| Indiana                 | 1,897  | 4.12  | 1,674  | 1,503 | 13,751 | 11,819 | 10,970 |
| Iowa                    | 148    | .32   | 140    | 207   | 1,501  | 1,818  | 2,142  |
| Kansas and Missouri     | 607    | 1.32  | 510    | 491   | 4,706  | 4,207  | 4,237  |
| Kentucky:               |        |       |        |       |        |        |        |
| Eastern                 | 3,900  | 8.47  | 3,832  | 3,610 | 26,087 | 27,016 | 24,916 |
| Western                 | 900    | 1.96  | 842    | 682   | 7,797  | 5,699  | 5,219  |
| Maryland                | 156    | .34   | 150    | 114   | 1,092  | 981    | 1,068  |
| Michigan                | 28     | .06   | 8      | 33    | 235    | 275    | 323    |
| Montana                 | 258    | .56   | 238    | 225   | 1,944  | 1,780  | 1,743  |
| New Mexico              | 84     | .18   | 90     | 72    | 743    | 706    | 1,173  |
| North and So. Dakota    | 105    | .23   | 87     | 96    | 1,217  | 1,131  | 1,206  |
| Ohio                    | 2,774  | 6.03  | 2,625  | 1,987 | 17,801 | 14,825 | 14,435 |
| Pennsylvania bituminous | 11,442 | 24.86 | 10,840 | 9,865 | 77,739 | 71,678 | 76,298 |
| Tennessee               | 598    | 1.30  | 585    | 497   | 4,222  | 4,093  | 3,351  |
| Texas                   | 31     | .07   | 30     | 47    | 248    | 499    | 578    |
| Utah                    | 382    | .83   | 238    | 332   | 2,238  | 1,954  | 2,305  |
| Virginia                | 1,675  | 3.64  | 1,640  | 1,310 | 11,173 | 10,005 | 8,870  |
| Washington              | 149    | .32   | 120    | 130   | 1,146  | 1,021  | 1,304  |
| West Virginia:          |        |       |        |       |        |        |        |
| Southern (a)            | 9,896  | 21.50 | 9,513  | 8,711 | 64,412 | 63,884 | 59,750 |
| Northern (b)            | 3,596  | 7.81  | 3,320  | 2,760 | 23,492 | 20,590 | 19,809 |
| Wyoming                 | 525    | 1.14  | 465    | 433   | 3,766  | 3,386  | 3,564  |
| Other West. States (c)  | 3      | .01   | 3      |       | 19     | 6      | 9      |

Total bituminous coal 46,026 100.00 43,500 39,010 314,928 294,483 290,877  
Penn. anthracite (d) 5,246 11.61 4,681 3,893 35,878 34,144 34,123

Total, All Coal 51,272 111.61 48,181 42,893 350,806 328,627 325,005  
(a) Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. (b) Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. (c) Includes Arizona, California, Idaho, Nevada, and Oregon. (d) Data for Pennsylvania anthracite from published records of the Bureau of Mines. \* Less than 1,000 tons.

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## THE FINANCIAL SITUATION

(Continued from first page)

ings and exactly the same deleterious effect upon industry as monopoly anywhere else in the economic structure. To say that such competition as now exists between the two factions among the unions seems, as it were, to work in reverse, that is to say is a competition not so much for jobs as for power and "benefits" for membership, is not to offer any helpful suggestion concerning the threatening labor monopoly in the United States. It is poor comfort to be assured that sooner or later we shall be rid of this type of competition and reach a basis of full monopoly, where one organization or group of closely affiliated organizations controls virtually all the labor supply in the country. Such helpful competition as we have heretofore had has been a result partly of the fact that large numbers of wage earners belonged to no union, partly of the difficulty the unions have experienced in holding their memberships, and partly of inability on the part of the unions to hold all their membership fully to the rules and regulations theoretically imposed upon it.

It has from the first been the definite policy of the Administration—a policy which it has made remarkably effective—to cajole, persuade or compel virtually full organization of all wage earners in the country. It has done everything in its power toward this end, including the most biased, and in many respects the most unjust legislation (the National Labor Relations Act) ever to disgrace the statute books of the nation. More recently it has become clear that it was willing if not quite ready to permit the urgency of the defense program to be used to give further impetus to the effort long under way to establish the closed shop throughout industry. Once all, or virtually all, wage earners are members of unions, and once, in addition, union officials have no longer to worry about maintaining their memberships by reason of closed shop conditions, with or without the so-called check-off or some of its half-equivalents now being brought forward, the door to competition will be closed. The situation in this respect will not be relieved when all the unions are under one management, or something more or less to that effect.

The average man has little idea how nearly we have approached such a point even at this time. He reads of "sit-down" strikes, picket lines supported by violence, and more of the same order, and he is likely to suppose that the situation would be largely remedied were the ordinary law of the land enforced fairly and fully. In this, however, he is not wholly correct. It is true of course, that the first duty of government is to put an end to such clearly unwarranted and unlawful behavior. It is further true that in some instances at least a great deal of immediately practical importance would be achieved in this way. The fact remains, however, that class consciousness has been so enthroned in Washington and so instilled into the minds of the American wage-earners that even what passes as peaceful picketing (which is not always quite wholly that) is often not very far from being as effective as any other kind. It is by no means generally realized how widespread and how deeply the notion exists today that it is a sort of disgrace to pass through a picket line whether or not the transgressor is in even a remote way concerned with the controversy which occasions the strike or lockout, or, for that matter, even whether he knows what that controversy is or who is involved in it. Refusal to cross a picket line is fast becoming a part of what the philosopher terms the mores and folkways of the time. Carry all this but a little further, and we shall have something very closely approaching a monopoly, for all practical purposes, in the field of labor without more ado.

Let it be carefully observed that here is a situation which is not an outgrowth merely of law. Certain statutes, like the National Labor Relations Act, which place special restrictions upon employers in their dealing with their employes, and other legislation which, as interpreted by the courts, leaves labor virtually free of restraint under the anti-trust laws, without question are very potent factors in the current state of affairs, but the very existence of such laws is to be traced to the class consciousness which has been so sedulously and successfully fostered in this country for years past, and, moreover, this state of mind, this increasingly widespread conviction, that almost wholly unrestrained collective bargaining is an unmixed blessing, almost sacrosanct in its innermost quality, this tendency to assume that any employer who finds himself in any controversy with labor is ipso facto to be condemned and the unions supported, is reaching a point where it alone is almost enough to foist a labor monopoly upon us. Indeed, this "class

## United States and Argentina Sign Reciprocal Trade Agreement on Oct. 14

A reciprocal trade agreement between the United States and Argentina was signed in Buenos Aires on Oct. 14 by American Ambassador Norman Armour and Argentine Foreign Minister Enrique Ruiz Guinazu. The pact, which is the first commercial treaty concluded between the two countries since 1853, was hailed by both Argentine and American officials as an important step in the program of solidarity in the Western Hemisphere.

President Roosevelt, in commenting on the agreement, had the following to say in a message to Dr. Ramon Castillo, Vice President of Argentina:

In the years to come we shall look back upon the trade agreement signed today as a monument to the ways of peace, standing in sharp and proud relief upon a desolate plain of war and destruction.

United as we are under Divine guidance in the defense of our precious heritage in this hemisphere, we have today forged a new link in the chain of friendship, peace and good neighborliness which happily binds our two nations together. Secretary of State Hull and the Argentine Foreign Minister Ruiz Guinazu exchanged messages of felicitation on the signing of the agreement.

Mr. Ruiz Guinazu's message to Mr. Hull said:

The trade agreement which we have signed today with Am-

bassador Armour between our two countries is the happy realization of a policy of good understanding particularly pleasing to this government. The results achieved with such a cordial spirit of collaboration and common good-will assure for this agreement the most gratifying prospects for development of trade and the ever cordial relations between Argentina and the United States.

Secretary Hull's message read: On the occasion of the signing of the trade agreement between Argentina and the United States of America it gives me great pleasure to convey to your Excellency my heartiest congratulations. This act, I feel sure, will prove to be of great and permanent value to both countries.

I feel that it should be a source of gratification to us both to feel that in these critical days through which the world is passing Argentina and the United States have demonstrated that through mutual

consciousness," in conjunction with the laws it has generated, already appears to be doing so.

The time has come when the American people would do well to take closely to heart the question as to whether it is wise to permit, much less encourage, the growth of this monopoly. Nothing less than such a re-appraisal of the situation and a firm conclusion that something needs to be done in the premises is likely to afford real relief, not merely in connection with the defense program, but as regards the normal course of industry and trade upon which we all must depend for such of the abundant life as we are able to achieve in these or any other times. Let no one suppose that the erection of special machinery to "settle" disputes, or dealing in any other way with the situation, will provide anything more than a make-shift expedient. The history of railroad unionism in this country should be evidence enough that such a supposition would be naive indeed. We should be about as foolish to suppose that concurrent evolution of a monopoly and of government agencies to control it would solve the problem. Can any one imagine a government agency so divorced from politics as to be able to "regulate" labor unions? If any such man could be found, he would still lack imagination enough to conceive of such an agency continuing effective in perpetuity.

The simple truth of the matter is that monopoly, no matter where found, whether among producers, distributors, or labor, is an unwholesome factor, always, indeed, a dangerous condition. We have the so-called natural monopolies such as the utilities, branches where often anything in the nature of full competition is unattainable except at prohibitive cost and confusion, and we have felt it necessary to regulate them for the protection of the consumer. We have from the start made more or less of a mess of such regulation, and in recent years made a "ghastly jest" of it. In other branches, experience has taught that it is advisable, not to say essential, that competition be kept alive and vigorous. It is true that the present Administration has at times toyed with the idea, to say the least, of eliminating competition in substantial part and placing such enterprises under rigorous control, but it has never had the hardihood to go very far in actual practice in this direction, and it is well that it has not. It has done what it could to reduce competition among the farmers of the nation, and the results certainly do not warrant any extension of such a system.

It is true, of course, that labor unionism has accomplished substantial good in some directions along with the evils that the movement has brought with it. It probably is true that were unions wholly abolished, wage earners in many instances would again presently be subjected to abuse and exploitation. Obviously, however, another monopoly, controlled or uncontrolled, does not offer any sound solution of the problem, and the first lesson to be learned in any effort to find a solution for it is that simple fact. To admit that there is no other or better solution is to concede by implication at least much of the teachings of Karl Marx.

good-will and cooperation, they have been able to find a common ground of understanding in working out their economic problems.

The agreement, which is the twelfth of its kind to be signed between this Government and a Latin-American republic, will take effect provisionally on Nov. 15 and will remain in force at least three years.

As a result of the agreement, the United Press said, American exporters of numerous products will benefit from duty reductions and assurances against duty increases. Argentine exports to the United States will be increased, and it was expected that the purchasing power obtained in that way would be used to a large extent in the purchase of American goods. United Press advices Oct. 14 further stated:

Benefits to United States exports are in reductions or guarantees against increases in Argentine customs duties on a list of 127 tariff items covering products which last year accounted for about 30% of the total American exports to Argentina.

Among concessions are those benefiting American exports to Argentina of fresh apples, pears, grapes, raisins, prunes, tobacco, motor vehicles and parts, automatic refrigerators, certain items of electrical machinery and apparatus, agricultural and industrial machinery, office appliances and forest products.

On the other hand, Argentina is granted reductions in duties or guarantees of continuance of existing tariffs on a list of 84 items covering products which in 1938 and 1939 accounted for about 93% of the total United States imports from Argentina and in 1940 accounted for about 75% of American imports from that country.

The principal concessions to Argentina include tariff reductions on flaxseed, canned corned beef, coarse wools, quebracho extract (used in tanning leather), casein, tallow, oleo oil and oleo stearin, cattle hides, Italian-type cheeses, and binding on the free list of a considerable number of products including furs and skins and various animal by-products.

Principal criticism of the new trade pact was voiced by Republican Representatives from the farm States which claimed that the new treaty was a blow to American agriculture.

At Denver, Colo. on Oct. 15 officials of the American National Live Stock Association, representing stockmen in 17 Western States voiced opposition to the treaty, characterizing it as a Governmental "abuse of power." This is learned from United Press accounts from Denver from which we also quote:

J. Elmer Brock, President of the association, said at Kaycee, Wyo., that the treaty is "a betrayal of our industry at a time when the country is calling on it for an extra effort for an adequate domestic meat supply." He continued:

"I am unable to reconcile this with Secretary of Agriculture Claude Wickard's urge for a heavier marketing of cattle to ward off a domestic cattle surplus. If we are to follow the silly procedure of buying Argentine good will, it should be paid for by the nation as a whole and not by the cattle industry."

In a statement issued in New York on Oct. 15 the National Foreign Trade Council indicated approval of the signing of the treaty, saying in part:

Successful conclusion of the negotiations was made possible only because of a mutual willingness of both the United States and Argentina to make concessions. It is this spirit of

collaboration even more than the written words of the agreement itself that promises so much for the long-term improvement in Argentine-United States commerce.

The intention of the United States to reopen negotiations with Argentina for a reciprocal trade agreement was reported in our issue of May 24, page 3277. Previous negotiations were halted on Jan. 8, 1940, due to the insistence of the American Government on limitations on Argentine exports to this country, such as linseed and canned beef, and the inability of the Buenos Aires Government to accede to customs quotas on these products.

The ending of negotiations last year was reported in these columns Jan. 13, 1940, page 211.

### Petroleum And Its Products

(Continued from page 727)

to the recognition of the vital importance of the oil industry, and its products in the defense program. But this does not change the fact that there is only so much steel available and the industry must make the best use of it." E. De Golyer, Chairman of the Commission's Engineer Committee, charged that oil was being consumed faster than it was being found.

The industry faces the highest consumption in its history as a result of current world and domestic conditions. Dr. A. G. White, Chief of the Bureau of Petroleum Economics, told the Compact group. Mr. White stated that crude oil demand would rise from 6 to 7% during 1942 as an average for the year, adding that unforeseen factors might raise the rate of increase even higher than his figures, depending upon the national defense program. He foresaw the possibility of naval consumption doubling its 1941 figure of 16,000,000 barrels next year. The Compact group refused a resolution demanding that Coordinator Ickes make a statement of the exact functions of his office and their range in the oil industry, and asking assurance that when the national defense emergency should pass the Office of Federal Petroleum Coordinator also would cease.

Daily average production of crude oil in the United States during the week ended Oct. 18 was up 39,600 barrels from the previous week to 4,110,550 barrels, according to the midweek report of the American Petroleum Institute. This compared with the Bureau of Mines' estimate for October of 4,012,900 barrels.

Sharp gains in Kansas and Illinois and lesser increases in Texas and Louisiana offset lower production totals in other oil-producing States. A slump of 2,573,000 barrels of inventories of domestic and foreign crude oil during the Oct. 11 week carried the total off to 243,571,000 barrels, the Bureau of Mines reported on Oct. 17. United States crude holdings dropped 2,528,000 barrels, with imported crude stocks down 45,000 barrels.

Representative W. P. Cole, of Maryland, prominent in Congressional probes of the petroleum industry in recent years, will be one of six speakers at the general sessions of the American Petroleum Institute at its 22nd annual meeting scheduled for Nov. 3 to 7 in the Palace and St. Francis Hotels in San Francisco. Petroleum Coordinator Ickes and his assistant, Ralph K. Davies as well as W. R. Boyd, Jr., Vice-President of the Institute, and Commander T. D. Galbraith, of the British Supply Council also are scheduled to talk.

Price changes follow:  
Oct. 16—Standard of Louisiana advanced Caddo crude oil prices 2 cents a barrel, effective Oct. 15,

### Bond Prices Steady

The new long-term Treasury 2½s, 1967-72, closed at 102 31/32 on Monday, their first trading day on the Exchange. The yield of 2.35% compares with an average yield of 1.90% for the five partially tax-exempt issues classified as long term now outstanding. Secretary Morgenthau has indicated that he will announce shortly the Treasury's position as to the "rights" accorded holders of maturing obligations in subscribing for new issues. Corporate issues have been very quiet with almost no fluctuations this week.

High-grade railroad bonds have been showing an improving tendency but in many instances prices closed fractionally below last week. Atchison, Topeka & Santa Fe gen. 4s, 1995, at 109 were unchanged. Medium-grade rail issues have picked up fractions but not enough to show net gains for the period under review. Reading 4½s, 1997, at 78½ were 1½ lower. Speculative rail bonds gave a favorable interpretation to the President's Wage Fact Finding Board's proposal to arbitrate or mediate the rail wage dispute. Issues in this category for the most part have been actively higher. Atlantic Coast Line 4½s, 1964, at 63½ were up 1½; Delaware & Hudson 4s, 1943, gained ½ point at 54½. Defaulted rail issues have moved higher with interest centering on Wabash and St. Louis Southwestern issues.

Low-grade utility bonds have declined, losses among such issues as Associated Electric 4½s, 1953, Georgia Power & Light 5s, 1978, Indiana Service 5s, 1950, and Standard Gas & Electric 6s, 1957, ranging from one to four points. High grades have been firm with considerable activity in American Telephone & Telegraph conv. 3s, 1956 following distribution of that portion of bonds unsubscribed for by stockholders.

The trend has been generally downward in the industrial section of the list, but betterment toward the close of the week resulted in net gains in some instances. These have been primarily in lower-grade and speculative issues such as Paramount Pictures 3¼s, 1947, and Francisco Sugar 6s, 1956. Steels and oils have shown mixed fractional changes, but the Continental Oil conv. 2½s, 1948, lost 1½ points at 102¾. Other issues to lose a point or more were the Celanese Corporation 3s, 1955, and Libby, McNeill & Libby 4s, 1955. The Childs Company 5s, 1943, displayed weakness toward the close for a net loss of 1½ points at 43¾.

In the foreign list there has been some improvement in Japanese bonds among which the Great Consolidated Electric Power 6½s scored a gain of 20 points. Canadian loans have rallied several points but Australian have continued soft. Cuba 4½s were firm, while the balance of the Latin American group have continued mixed. Bel-

### Fertilizer Association Commodity Price Index Recedes Under Weight Of Reduced Farm Prices

The weekly wholesale commodity price index compiled by The National Fertilizer Association declined for the second consecutive week, according to an announcement issued Oct. 20. Due to the drop in agricultural raw materials, this index in the week ended Oct. 18, 1941 dropped to 115.5 from 116.8 in the preceding week. A month ago the index was 116.8 and a year ago 97.8, based on the 1935-1939 average as 100.

The sharp decline in the farm products price index was mainly responsible for the downturn in the all-commodity index; grains dropped to the May level, and cotton and livestock quotations were likewise distinctly lower. The textile index again declined as the marked recession in the price of raw cotton combined with lower cotton yarn quotations more than counterbalanced rises in gingham, woolen yarn, and hemp. The price of linseed oil was down, resulting in a very slight decline in the building material average. The index representing the prices of miscellaneous commodities was moderately lower, with rubber, cottonseed meal, cattle feed, and lubricating oil quotations all moving downward. Although more items included in the food group declined than advanced, the food price index was slightly higher. This was the net result of increases in several of the more important commodities. The metal price index was higher due to an upturn in zinc. Other group indexes to advance fractionally last week were chemicals and drugs, fertilizer materials, fertilizers, and farm machinery. The only group average to remain unchanged was the fuel price index.

During the week 36 price series included in the index declined and 21 advanced; in the preceding week there were 30 declines and 12 advances; in the second preceding week there were 16 declines and 22 advances.

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

| % Each Group Bears to the Total Index | GROUP                     | Latest Preceding Month Year |                   |               |              |
|---------------------------------------|---------------------------|-----------------------------|-------------------|---------------|--------------|
|                                       |                           | Week Oct. 18 1941           | Week Oct. 11 1941 | Sept. 13 1941 | Oct. 19 1940 |
| 25.3                                  | Foods                     | 113.8                       | 113.4             | 113.3         | 90.9         |
|                                       | Fats and Oils             | 116.3                       | 127.0             | 130.6         | 64.6         |
|                                       | Cottonseed Oil            | 133.4                       | 154.4             | 159.6         | 60.4         |
| 23.0                                  | Farm Products             | 111.9                       | 116.4             | 120.8         | 87.9         |
|                                       | Cotton                    | 150.2                       | 157.6             | 168.0         | 86.6         |
|                                       | Grains                    | 94.9                        | 105.5             | 112.0         | 85.5         |
|                                       | Livestock                 | 108.0                       | 110.8             | 113.9         | 87.4         |
| 17.3                                  | Fuels                     | 112.3                       | 112.3             | 110.8         | 101.3        |
| 10.8                                  | Miscellaneous Commodities | 125.3                       | 127.2             | 128.2         | 109.5        |
| 8.2                                   | Textiles                  | 137.2                       | 138.3             | 138.8         | 106.1        |
| 7.1                                   | Metals                    | 104.0                       | 103.5             | 103.8         | 103.3        |
| 6.1                                   | Building Materials        | 130.8                       | 131.0             | 123.4         | 113.5        |
| 1.3                                   | Chemicals and Drugs       | 112.3                       | 111.9             | 107.5         | 103.5        |
| 1.3                                   | Fertilizer Materials      | 114.6                       | 114.4             | 113.6         | 103.9        |
| 1.3                                   | Fertilizers               | 107.5                       | 107.1             | 107.1         | 103.0        |
| 1.3                                   | Farm Machinery            | 100.2                       | 99.7              | 99.3          | 99.5         |
| 100.0                                 | All Groups Combined       | 115.5                       | 116.8             | 116.8         | 97.8         |

\*Base period changed Jan. 4 from 1926-1928 average to 1935-39 average as 100. Indexes on 1926-1928 base were: Oct. 18, 1941, 91.0; Oct. 11, 1941, 91.0; Oct. 19, 1940, 76.2.

to a new top of \$1.20 a barrel for 40 gravity and above as it adjusted prices in line with those ruling for Rodessa crude oil.

#### Refined Products

Definite improvement in the inventory status of light fuel oils on the East Coast has resulted from the effective action taken by the Office of Petroleum Co-

ordination, Coordinator Ickes announced in Washington this week. Despite this improvement, however, he said on Oct. 16, over-all supplies of petroleum and its principal products in the East Coast area continue to show a deficit with both gasoline and heavy fuel oil inventories under (Continued on page 731)

gian bonds have been weak while Danish and Norwegian issues have eased off fractionally.

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 rate * | Corporate by Ratings * |        |        |       | Corporate by Groups * |        |        |
|---------------------|-------------------|------------------------|------------------------|--------|--------|-------|-----------------------|--------|--------|
|                     |                   |                        | Aaa                    | Aa     | A      | Baa   | R. R.                 | P. U.  | Indus. |
| Oct. 21             | 119.29            | 107.98                 | 118.40                 | 115.63 | 109.24 | 91.77 | 97.31                 | 112.00 | 116.02 |
| 20                  | 119.25            | 107.98                 | 118.40                 | 115.43 | 109.24 | 91.91 | 97.31                 | 112.00 | 116.02 |
| 18                  | 119.23            | 107.98                 | 118.40                 | 115.43 | 109.06 | 91.77 | 97.16                 | 112.00 | 116.02 |
| 17                  | 119.23            | 107.98                 | 118.40                 | 115.43 | 109.06 | 91.77 | 97.00                 | 112.00 | 116.02 |
| 16                  | 119.23            | 107.98                 | 118.40                 | 115.43 | 109.06 | 91.77 | 97.16                 | 112.00 | 116.02 |
| 15                  | 119.18            | 107.98                 | 118.40                 | 115.43 | 109.24 | 91.91 | 97.16                 | 112.19 | 116.02 |
| 14                  | 119.18            | 107.98                 | 118.40                 | 115.43 | 109.24 | 91.91 | 97.16                 | 112.19 | 116.02 |

STOCK EXCHANGE CLOSED

| 1941 Daily Averages | U. S. Govt. Bonds | Avge. Corporate rate * | Corporate by Ratings * |        |        |       | Corporate by Groups * |        |        |
|---------------------|-------------------|------------------------|------------------------|--------|--------|-------|-----------------------|--------|--------|
|                     |                   |                        | Aaa                    | Aa     | A      | Baa   | R. R.                 | P. U.  | Indus. |
| Oct. 21             | 119.16            | 107.98                 | 118.40                 | 115.43 | 109.24 | 91.91 | 97.16                 | 112.19 | 116.02 |
| 20                  | 119.16            | 107.98                 | 118.20                 | 115.24 | 109.06 | 91.91 | 97.16                 | 112.19 | 116.02 |
| 18                  | 119.16            | 107.98                 | 118.40                 | 115.43 | 109.24 | 91.91 | 97.16                 | 112.19 | 116.02 |
| 17                  | 119.16            | 107.98                 | 118.40                 | 115.43 | 109.24 | 92.20 | 97.31                 | 112.19 | 116.02 |
| 16                  | 119.13            | 108.16                 | 118.40                 | 115.43 | 109.24 | 92.20 | 97.31                 | 112.19 | 116.02 |
| 15                  | 119.13            | 108.16                 | 118.40                 | 115.43 | 109.24 | 91.91 | 97.16                 | 112.19 | 116.02 |
| 14                  | 119.13            | 108.16                 | 118.40                 | 115.43 | 109.06 | 91.77 | 97.00                 | 112.00 | 116.02 |
| 13                  | 119.17            | 107.80                 | 118.20                 | 115.43 | 109.06 | 91.62 | 97.00                 | 112.00 | 115.82 |
| 12                  | 119.11            | 107.80                 | 118.20                 | 115.24 | 108.88 | 91.62 | 96.85                 | 112.00 | 115.82 |
| 11                  | 119.17            | 107.80                 | 118.00                 | 114.85 | 108.70 | 91.19 | 96.69                 | 111.81 | 115.43 |
| 10                  | 118.82            | 107.62                 | 118.20                 | 114.66 | 108.70 | 91.48 | 96.69                 | 111.62 | 115.43 |
| 9                   | 119.02            | 107.62                 | 118.00                 | 114.66 | 108.70 | 91.62 | 97.00                 | 111.81 | 115.24 |
| 8                   | 119.13            | 107.80                 | 118.20                 | 114.85 | 108.88 | 95.06 | 97.31                 | 112.00 | 115.24 |
| 7                   | 119.17            | 107.80                 | 118.40                 | 114.85 | 108.88 | 91.77 | 97.16                 | 111.81 | 115.43 |
| 6                   | 118.78            | 107.62                 | 118.00                 | 114.66 | 108.70 | 91.77 | 97.16                 | 112.00 | 115.04 |
| 5                   | 118.90            | 107.80                 | 118.00                 | 115.04 | 108.70 | 91.91 | 97.31                 | 112.00 | 115.04 |
| 4                   | 119.20            | 107.98                 | 118.20                 | 115.24 | 108.70 | 92.20 | 97.47                 | 112.00 | 115.24 |
| 3                   | 119.56            | 107.80                 | 118.20                 | 115.24 | 108.52 | 92.06 | 97.47                 | 112.00 | 115.24 |
| 2                   | 119.55            | 107.80                 | 118.00                 | 115.24 | 108.52 | 92.06 | 97.47                 | 112.00 | 115.04 |
| 1                   | 119.47            | 107.62                 | 118.20                 | 115.04 | 108.34 | 91.91 | 97.46                 | 112.00 | 115.04 |
| 21                  | 116.46            | 107.62                 | 118.20                 | 115.04 | 108.16 | 91.91 | 97.16                 | 111.81 | 115.04 |
| 20                  | 116.06            | 107.64                 | 118.00                 | 114.66 | 107.98 | 91.77 | 97.00                 | 111.62 | 114.85 |
| 19                  | 116.45            | 107.44                 | 118.00                 | 114.66 | 107.80 | 91.77 | 97.16                 | 111.44 | 114.66 |
| 18                  | 116.24            | 105.68                 | 117.60                 | 112.12 | 106.82 | 91.48 | 97.00                 | 111.44 | 114.27 |
| 17                  | 116.52            | 106.21                 | 117.80                 | 113.31 | 106.39 | 90.20 | 95.54                 | 109.60 | 113.12 |
| 16                  | 116.52            | 106.21                 | 117.80                 | 113.31 | 106.39 | 90.20 | 95.54                 | 109.60 | 113.12 |
| 15                  | 117.14            | 106.39                 | 118.00                 | 113.70 | 106.39 | 90.48 | 96.85                 | 109.79 | 113.70 |
| 14                  | 117.64            | 106.56                 | 117.60                 | 113.89 | 106.56 | 90.77 | 97.16                 | 109.97 | 113.50 |
| 13                  | 118.06            | 106.56                 | 118.20                 | 113.89 | 106.56 | 90.48 | 96.69                 | 110.15 | 113.89 |
| 12                  | 118.03            | 106.56                 | 118.20                 | 114.27 | 106.56 | 90.34 | 96.69                 | 110.15 | 114.08 |
| 11                  | 118.65            | 106.39                 | 118.40                 | 114.46 | 106.39 | 90.78 | 95.92                 | 110.15 | 114.46 |
| High 1941           | 119.62            | 108.16                 | 118.60                 | 115.63 | 109.24 | 92.35 | 97.62                 | 112.19 | 116.22 |
| Low 1941            | 115.89            | 105.52                 | 116.22                 | 112.00 | 106.04 | 89.23 | 95.62                 | 109.42 | 111.62 |
| High 1940           | 119.63            | 106.74                 | 119.00                 | 115.04 | 106.74 | 89.92 | 96.07                 | 110.88 | 114.85 |
| Low 1940            | 113.02            | 99.04                  | 112.19                 | 109.60 | 99.52  | 79.37 | 86.38                 | 105.52 | 106.50 |
| 1 Yr. Ago           | 116.84            | 105.00                 | 117.40                 | 113.12 | 104.66 | 88.27 | 94.12                 | 109.97 | 112.37 |
| Oct. 21, 1940       | 112.96            | 99.36                  | 111.25                 | 107.62 | 97.62  | 84.17 | 89.09                 | 103.64 | 106.39 |

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

| 1941 Daily Averages | U. S. Govt. Bonds | Avge. Corporate rate * | Corporate by Ratings * |      |      |      | Corporate by Groups * |       |        |
|---------------------|-------------------|------------------------|------------------------|------|------|------|-----------------------|-------|--------|
|                     |                   |                        | Aaa                    | Aa   | A    | Baa  | R. R.                 | P. U. | Indus. |
| Oct. 21             | 3.28              | 2.73                   | 2.87                   | 3.21 | 4.29 | 3.92 | 3.06                  | 2.85  |        |
| 20                  | 3.28              | 2.73                   | 2.88                   | 3.21 | 4.28 | 3.92 | 3.06                  | 2.85  |        |
| 18                  | 3.28              | 2.73                   | 2.88                   | 3.22 | 4.29 | 3.93 | 3.06                  | 2.85  |        |
| 17                  | 3.28              | 2.73                   | 2.88                   | 3.22 | 4.29 | 3.93 | 3.06                  | 2.85  |        |
| 16                  | 3.28              | 2.73                   | 2.88                   | 3.22 | 4.29 | 3.93 | 3.06                  | 2.85  |        |
| 15                  | 3.28              | 2.73                   | 2.88                   | 3.21 | 4.28 | 3.93 | 3.05                  | 2.84  |        |
| 14                  | 3.28              | 2.73                   | 2.88                   | 3.21 | 4.28 | 3.93 | 3.05                  | 2.85  |        |
| 13                  | 3.28              | 2.73                   | 2.88                   | 3.21 | 4.28 | 3.93 | 3.05                  | 2.85  |        |
| 12                  | 3.28              | 2.73                   | 2.88                   | 3.21 | 4.28 | 3.93 | 3.06                  | 2.85  |        |
| 11                  | 3.28              | 2.73                   | 2.88                   | 3.21 | 4.28 | 3.93 | 3.05                  | 2.84  |        |
| 10                  | 3.27              | 2.73                   | 2.88                   | 3.21 | 4.26 | 3.92 | 3.05                  | 2.84  |        |
| 9                   | 3.27              | 2.73                   | 2.88                   | 3.21 | 4.26 | 3.92 | 3.05                  | 2.84  |        |
| 8                   | 3.27              | 2.73                   | 2.89                   | 3.22 | 4.26 | 3.92 | 3.06                  | 2.85  |        |
| 7                   | 3.27              | 2.73                   | 2.88                   | 3.21 | 4.28 | 3.93 | 3.05                  | 2.85  |        |
| 6                   | 3.28              | 2.73                   | 2.89                   | 3.22 | 4.28 | 3.94 | 3.06                  | 2.85  |        |
| 5                   | 3.28              | 2.73                   | 2.88                   | 3.21 | 4.28 | 3.93 | 3.05                  | 2.85  |        |
| 4                   | 3.28              | 2.73                   | 2.88                   | 3.22 | 4.29 | 3.94 | 3.06                  | 2.85  |        |
| 3                   | 3.29              | 2.74                   | 2.88                   | 3.22 | 4.30 | 3.94 | 3.06                  | 2.86  |        |
| 2                   | 3.29              | 2.74                   |                        |      |      |      |                       |       |        |

### Foreign Front

(Continued from page 726)

been coveted by the Japanese. If a move toward the south was intended, the Japanese Navy doubtless would have received greater representation in the Cabinet, since any such military adventure might the more readily involve a clash with British and American naval power.

The real reason for the Japanese governmental change thus may be assumed to be the German success against European Russia, which opens the way for a Tokio move against the East Asian holdings of the Communist State. Some sizable transfers of Russian forces from Siberia to the Moscow front were reported in recent days, and they may well have impressed the real policy makers at Tokio, who are more concerned about military power than about moral sentiments. In preparation for any Russian collapse, the Japanese are understood to have moved strong forces from China to the frontier between Siberia and Manchukuo. It remains more than possible that the fall of Moscow, if and when it occurs, will mark the signal for a new military adventure by the Japanese against Siberia. To all appearances the Tokio change of regimes has prepared the way.

In his first official declaration, last Saturday, Premier Tojo declared cryptically that his regime will seek amicable relations with "friendly powers." That the hope of an accord with the United States has not been abandoned was indicated early this week, in statements to the effect that Japanese-American friendship ranks high among the aims of the Tojo Cabinet. But Washington took the realistic view that developments in the Russo-German war probably will be the real influences in Japanese policy. The British authorities were similarly impressed and made it known generally that the defenses of Singapore and other British territories in the Far East are in readiness for all eventualities.

For the Chungking Nationalist regime of China the new situation poses peculiar difficulties, since an accord with Japan might conceivably be made now on a more reasonable basis than at any time in the last four years. All the signs indicate, however, that Chungking still intends to rely upon Britain and the United States, and to fight with redoubled vigor the modified Japanese forces in China Proper. Aid to the Chinese Nationalists from Soviet Russia unquestionably eclipsed all British and American efforts, up to the time Russia became engaged with the Nazis. Russian supplies to the Chinese cannot now amount to more than a trickle and a contingent promise. All the more admirable, in these circumstances, would be a continued Chinese resistance to the Japanese aggressors. Withdrawal of the Japanese forces of occupation already have made possible some important territorial recaptures by the Chinese.

Implied in the Japanese Cabinet change are considerations for the United States which could not possibly be exaggerated. The formation of a more decidedly militaristic regime at Tokio fore-shadows moves which Washington will condemn, and which may involve the United States in a two-ocean war. The Berlin-Rome-Tokio pact calls for Axis collaboration in the event of American entry into the war, and it is fairly obvious that any action in the Pacific would be in Far Eastern waters. Naval experts contend that the Japanese Navy would be a formidable opponent, especially in home waters, and it is clear

that the British Navy would be of only limited aid, in the event of warlike measures. That Britain would be on the side of the United States in the event of complications involving the Far East has been made quite clear by Prime Minister Winston Churchill.

These Far Eastern uncertainties cast a definite shadow upon the reactions to the Kearny incident in official American circles. Although popular opinion in the United States rightly has been inflamed by the torpedoing of the Kearny, with a loss of American lives, it is evident that a declaration of war against Germany and Italy might also draw Japan into the conflict, on the side of the Axis, through stimulation of tendencies which already are in evidence in Tokio.

#### Russian Resistance

Tremendous masses of soldiers are engaged on the Russo-German front in one of the vital battles of this war, with the outcome not yet fully clear but certainly inclined toward the Nazi side. The Russian capital of Moscow is the city for which the vast struggle now rages. It may be premature to call this the crucial battle of the Russian campaign, but a German victory and a Russian defeat would unquestionably alter the entire course of the present world war.

The battle of Moscow began on Oct. 2 with typical German encirclement maneuvers, and a close approach of the Nazis to the key point signalizes important successes of the Reich forces. Either the Russians or bad weather slowed up the Nazi drive in the early part of this week. But deep mud and the Russian resistance apparently failed to stop the invaders entirely. They are now reported within 50 miles of Moscow along the direct highway from Smolensk, and huge wedges seemingly are being driven into the Russian lines north and south of the city, with a view to complete encirclement and reduction of the fortress at leisure. Moscow has been evacuated by much of the Russian Government and the entire diplomatic corps, and a temporary capital established at Kuibyshev, 540 miles eastward.

Other than official comments about heavy rains and boggy soil, the Germans have said little about the great battle of Moscow, in recent days. Nor have the Russians been much more informative. It appears, however, that the double battles of encirclement at Vyazma and Bryansk were regarded by the Nazis as concluded, last Saturday, with 648,000 prisoners initially reported captured and the number increased slightly thereafter. This released huge German forces for the further development of the attack against Moscow, the Nazis said.

There were rumors from London, Stockholm and other centers for a time that Kalinin to the north of Moscow, and Orel to the south, had been recaptured by the Russians in sharp counter-attacks. Such claims have not been substantiated. Hints were thrown out in Berlin that the Germans actually have advanced far to the eastward of Moscow, south of that city. In the north, according to unofficial Reich spokesmen, the Germans also made progress eastward.

Claims and counter-claims are resolved, however, in the simple fact that the seat of the Russian Government was moved over the last weekend, with Kuibyshev, the easternmost city on the Volga River, selected as the retreat. Premier Joseph Stalin apparently remains in Moscow to direct the defense. The great Russian city was placed

under a state of siege, and citizens and soldiers alike were ordered to defend it.

Fierce and destructive aerial bombardments of Moscow are taking place, in line with the German tendency toward "softening up" any place intended for capture. The state of Russian communications is reflected in a five-day journey that was required to transfer diplomats and others from Moscow to Kuibyshev. It is also clear, however, that German forces are suffering tremendous losses in the drive for and around the Russian capital.

Wintry weather already has made its appearance in the northerly reaches of Russia and the siege of Leningrad continues. To the south, however, the Germans again are driving forward and fresh conquests on the Black Sea littoral are reported and conceded. Odessa, besieged by Rumanians with German assistance, fell last Thursday, after an heroic defense. German forces moving eastward along the shore of the Black Sea took Taganrog, 40 miles from Rostov, on Sunday, Moscow admitting the loss of that city two days later. German and Italian troops took Stalino, 100 miles northwest of Rostov, on Tuesday. All of the Donets Basin apparently is in danger of a flanking movement.

Although the Russian plight cannot be regarded as other than desperate, there is no faintest indication of a spirit of surrender. The vast struggle seems likely to continue, even if withdrawal by the Russians eastward of the Volga, or to the Ural mountains, is forced by the advancing Nazi horde. The Germans, on the other hand, will hold much of the fertile soil of European Russia and a sizable part of the industrial capacity. Already, according to Berlin, arrangements are being made for integration of occupied Russia into the German "new order." If the Nazis thus achieve access to a vast storehouse of food and war supplies, the blockade of Europe may be largely offset and the prospects are anything but cheerful.

#### Middle East

Fighting weather now prevails in the vast stretch of territory from the Mediterranean to India, and nothing could be more obvious than the likelihood of new attacks in the Middle East, if and when the Germans force the Russians to capitulate or retreat eastward. Substantial concentrations of British forces and equipment are at hand in Egypt, Syria, Iraq and Iran, with reserves from India also available. Surprising, in this situation, is only the lack of English initiative, which possibly stems from the abortive push in June toward Italian Libya.

The military situation along this extensive British lifeline has remained unaltered in recent months, but activity is sure to develop soon, even if it involves only the eastern Mediterranean. Brief British hopes of taking Italy out of the war apparently have been abandoned. Heavy aerial attacks are reported against numerous Italian industrial centers and ports. The Italians, in turn, are reinforcing their Libyan command and preparing for the next moves in the vast drama.

Afghanistan, as the missing link in the British chain of outposts to the Far East, has been under severe pressure, and decided on Sunday to exel all Axis nationals. This indicates a ranging of the country under British advice, and solidifies the line eastward. Whether British forces will endeavor to meet the Germans in the Caucasus still is not clear, however, and it may be that such maneuvers would prove difficult, owing to the poor communications. Much depends, in any

(Continued on page 731)

### 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. 20 as follows:

|                    | Argen-<br>tina | Aus-<br>tralia | Can-<br>ada | Eng-<br>land | Indo-<br>China | Japan | Mex-<br>ico | New<br>Zeal'd | Swe-<br>den | Switz-<br>erland | United<br>States |
|--------------------|----------------|----------------|-------------|--------------|----------------|-------|-------------|---------------|-------------|------------------|------------------|
| (August, 1939=100) |                |                |             |              |                |       |             |               |             |                  |                  |
| <b>1940—</b>       |                |                |             |              |                |       |             |               |             |                  |                  |
| May                | 120            | 118            | 120         | 143          | 116            | 113   | 112         | 131           | 132         | 112              | 112              |
| June               | 118            | 118            | 120         | 144          | 116            | 113   | 114         | 131           | 136         | 109              | 109              |
| July               | 118            | 118            | 120         | 145          | 115            | 112   | 114         | 132           | 140         | 109              | 109              |
| August             | 118            | 119            | 120         | 150          | 115            | 111   | 120         | 132           | 144         | 109              | 109              |
| September          | 116            | 120            | 121         | 145          | 116            | 110   | 122         | 135           | 153         | 111              | 111              |
| October            | 113            | 123            | 122         | 145          | 117            | 110   | 120         | 139           | 158         | 114              | 114              |
| November           | 113            | 125            | 124         | 146          | 118            | 111   | 118         | 142           | 164         | 118              | 118              |
| December           | 113            | 126            | 126         | 149          | 120            | 111   | 119         | 144           | 168         | 118              | 118              |
| <b>1941—</b>       |                |                |             |              |                |       |             |               |             |                  |                  |
| January            | 114            | 127            | 126         | 150          | 120            | 111   | 119         | 144           | 172         | 120              | 120              |
| February           | 114            | 126            | 127         | 150          | 121            | 113   | 119         | 147           | 171         | 120              | 120              |
| March              | 119            | 122            | 129         | 150          | 123            | 114   | 119         | 154           | 176         | 122              | 122              |
| April              | 121            | 121            | 131         | 150          | 125            | 115   | 119         | 156           | 180         | 125              | 125              |
| May                | 126            | 120            | 134         | 152          | 129            | 117   | 120         | 158           | 189         | 129              | 129              |
| June               | 133            | 121            | 137         | 158          | 131            | 119   | 121         | 155           | 193         | 132              | 132              |
| July               | 135            | 121            | 141         | 158          | 136            | 125   | 122         | 155           | 194         | 136              | 136              |
| August             | 138            | 121            | 142         | 157          | 138            | 127   | 123         | 156           | 202         | 133              | 133              |
| September          | 139            | 122            | 145         | 156          | 138            | 136   | 123         | 156           | 202         | 143              | 143              |
| <b>1941—</b>       |                |                |             |              |                |       |             |               |             |                  |                  |
| Weeks end:         |                |                |             |              |                |       |             |               |             |                  |                  |
| Sept. 6            | 138            | 122            | 144         | 155          | 138            | 128   | 123         | 156           | 201         | 141              | 141              |
| Sept. 13           | 138            | 122            | 145         | 156          | 137            | 130   | 123         | 156           | 201         | 144              | 144              |
| Sept. 20           | 139            | 122            | 145         | 156          | 137            | 131   | 123         | 156           | 202         | 144              | 144              |
| Sept. 27           | 142            | 122            | 145         | 156          | 138            | 132   | 123         | 156           | 203         | 143              | 143              |
| Oct. 4             | 140            | 122            | 145         | 157          | 138            | 131   | 125         | 158           | 203         | 143              | 143              |
| Oct. 11            | 140            | 122            | 144         | 158          | 138            | 132   | 126         | 156           | 202         | 142              | 142              |

### 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<br>Received<br>Tons | Production<br>Tons | Unfilled<br>Orders<br>Remaining<br>Tons | Percent of Activity |            |
|-----------------------|----------------------------|--------------------|---|---------------------|------------|
|                       |                            |                    |   | Current             | Cumulative |
| <b>1940—Month of—</b> |                            |                    |   |                     |            |
| 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            | 167,679                                 | 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         |
| <b>1941—Month of—</b> |                            |                    |   |                     |            |
| 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                                 | 96                  | —          |
| August                | 659,722                    | 649,031            | 576,529                                 | 94                  | —          |
| September             | 642,879                    | 630,524            | 578,402                                 | 94                  | —          |
| <b>Week Ended</b>     |                            |                    |   |                     |            |
| <b>1941—</b>          |                            |                    |   |                     |            |
| May 3                 | 165,583                    | 147,188            | 447,525                                 | 83                  | 80         |
| May 10                | 170,436                    | 148,381            | 466,604                                 | 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            | 584,484                                 | 91                  | 83         |
| Aug. 23               | 158,403                    | 162,964            | 584,484                                 | 94                  | 83         |
| Aug. 30               | 157,032                    | 163,284            | 576,529                                 | 94                  | 83         |
| 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              | 156,473                    | 163,915            | 578,402                                 | 98                  | 85         |
| Oct. 4                | 174,619                    | 168,256            | 582,287                                 | 100                 | 85         |
| Oct. 11               | 159,337                    | 164,374            | 575,627                                 | 99                  | 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 payments, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

### Portland Cement Statistics For September 1941

The portland cement industry in September, 1941, produced 16,115,000 barrels, shipped 18,284,000 barrels from the mills, and had in stock at the end of the month 17,563,000 barrels, according to the Bureau of Mines, U. S. Department of the Interior. Production and shipments of portland cement in September, 1941, showed increases of 23.0 and 24.0%, respectively, as compared with September, 1940. Portland cement stocks at mills were 11.8% lower than a year ago.

The total production for the nine months ending Sept. 30, 1941, amounts to 118,573,000 barrels, compared with 92,437,000 barrels in the same period of 1940, and the total shipments for the nine months ending Sept. 30, 1941, amounts to 124,440,000 barrels compared with 95,975,000 barrels in the same period of 1940.

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

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

#### RATIO OF PRODUCTION TO CAPACITY

|                     | Sept. 1941 | Sept. 1940 | Aug. 1941 | July 1941 | June 1941 |
|---------------------|------------|------------|-----------|-----------|-----------|
| The month           | 78.3%      | 61.8%      | 74.9%     | 74.0%     | 74.0%     |
| The 12 months ended | 62.5%      | 48.6%      | 61.0%     | 59.6%     | 58.3%     |

#### PRODUCTION, SHIPMENTS AND STOCKS OF FINISHED PORTLAND CEMENT, BY DISTRICTS, IN SEPTEMBER 1941 and 1940 (IN THOUSANDS OF BARRELS)

| District                           | Production    |               | Shipments     |               | Stocks at end of month |               |
|------------------------------------|---------------|---------------|---------------|---------------|------------------------|---------------|
|                                    | 1941          | 1940          | 1941          | 1940          | 1941                   | 1940          |
| Eastern Pa., N. J. & Md.           | 2,455         | 2,816         | 2,645         | 3,216         | 3,924                  | 3,435         |
| New York & Maine                   | 960           | 1,238         | 1,100         | 1,388         | 1,852                  | 1,759         |
| Ohio, Western Pa. & W. Va.         | 1,542         | 1,425         | 1,600         | 1,795         | 2,066                  | 2,054         |
| Michigan                           | 967           | 1,065         | 1,226         | 1,221         | 1,488                  | 1,561         |
| Wis., Ill., Ind. & Ky.             | 1,358         | 1,599         | 1,600         | 1,958         | 1,584                  | 1,288         |
| Va., Tenn., Ala., Ga., La. & Fla.  | 1,449         | 1,764         | 1,584         | 1,930         | 1,468                  | 1,054         |
| Eastern Mo., Ia., Minn. & S. Dak.  | 1,034         | 1,357         | 1,480         | 1,753         | 2,363                  | 1,850         |
| W. Mo., Nebr., Kans., Okla. & Ark. | 684           | 1,085         | 856           | 1,119         | 1,804                  | 1,905         |
| Texas                              | 631           | 930           | 645           | 885           | 848                    | 749           |
| Colo., Mont., Utah, Wyo. & Idaho   | 338           | 394           | 337           | 493           | 483                    | 274           |
| California                         | 1,360         | 1,869         | 1,337         | 1,904         | 1,459                  | 1,048         |
| Oregon & Washington                | 293           | 528           | 295           | 532           | 582                    | 582           |
| Puerto Rico                        | 34            | 45            | 36            | 40            | —                      | 4             |
| <b>Total</b>                       | <b>13,105</b> | <b>16,115</b> | <b>14,741</b> | <b>18,284</b> | <b>19,921</b>          | <b>17,563</b> |

#### PRODUCTION, SHIPMENTS AND STOCKS OF FINISHED PORTLAND CEMENT, BY MONTHS, IN 1940 AND 1941 (IN THOUSANDS OF BARRELS)

| Month        | Production     |                | Shipments      |                | Stocks at end of month |                |
|--------------|----------------|----------------|----------------|----------------|------------------------|----------------|
|              | 1941           | 1940           | 1941           | 1940           | 1941                   | 1940           |
| January      | 6,205          | 9,021          | 3,893          | 7,994          | 25,759                 | 24,416         |
| February     | 5,041          | 8,345          | 4,907          | 7,456          | 25,694                 | 25,307         |
| March        | 7,918          | 10,596         | 7,716          | 9,915          | 26,118                 | 25,988         |
| April        | 10,043         | 12,196         | 10,929         | 14,132         | 25,348                 | 24,056         |
| May          | 12,490         | 15,223         | 13,206         | 16,048         | 24,758                 | 22,745         |
| June         | 12,290         | 16,000         | 13,442         | 16,687         | 22,855                 | 21,178         |
| July         | 12,712         | 16,345         | 14,018         | 17,825         | 21,549                 | 19,732         |
| August       | 13,105         | 16,115         | 14,741         | 18,284         | 19,921                 | 17,563         |
| September    | 13,935         | —              | 15,776         | —              | 18,008                 | —              |
| October      | 12,725         | —              | 10,372         | —              | 20,353                 | —              |
| November     | 11,195         | —              | 8,192          | —              | 23,379                 | —              |
| <b>Total</b> | <b>130,292</b> | <b>161,115</b> | <b>130,315</b> | <b>182,824</b> | <b>219,921</b>         | <b>175,633</b> |

### Preliminary Estimate Of September Coal Output

According to preliminary estimates made by the Bureau of Mines and the Bituminous Coal Division of the United States Department of the Interior, bituminous coal output during the month of September, 1941, amounted to 45,464,000 net tons, compared with 38,650,000 net tons in the corresponding month of 1940 and 45,650,000 tons in August, 1941. Anthracite production during September, 1941 totaled 5,138,000 net tons as against 4,172,000 tons a year ago and 5,246,000 tons in August, 1941. The consolidated statement of the two aforementioned organizations follows:

| Month                     | Total for Month (Net Tons)    | Number of Working Days | Average per Working Day (Net Tons) | Cal. Year to End of September (Net Tons) |
|---------------------------|-------------------------------|------------------------|------------------------------------|--|
|                           | September, 1941 (Preliminary) | 45,464,000             | 25                                 | 1,819,000                                |
| Bituminous coal a         | 45,464,000                    | —                      | —                                  | 41,016,000                               |
| Anthracite b              | 5,138,000                     | —                      | —                                  | 4,558,100                                |
| Beehive coke              | 574,900                       | —                      | —                                  | —  |
| August, 1941 (Revised)    | 45,650,000                    | 26                     | 1,756,000                          | —  |
| Bituminous coal a         | 45,650,000                    | —                      | —                                  | —  |
| Anthracite b              | 5,246,000                     | —                      | —                                  | —  |
| Beehive coke              | 610,600                       | —                      | —                                  | —  |
| September, 1940 (Revised) | 38,650,000                    | 24                     | 1,610,000                          | 333,133,000                              |
| Bituminous coal a         | 38,650,000                    | —                      | —                                  | 38,376,000                               |
| Anthracite b              | 4,172,000                     | —                      | —                                  | 1,766,700                                |
| Beehive coke              | 287,800                       | —                      | —                                  | —  |

a Includes for purposes of historical comparison and statistical convenience the production of lignite and of anthracite and semi-anthracite outside of Pennsylvania.

b Total production, including colliery fuel, washery and dredge coal and coal shipped by truck from authorized operations.

Note—All current estimates will later be adjusted to agree with the results of the complete canvass of production made at the end of the calendar year.

### Bank Debits Up 17% From Last Year

Bank debits as reported by banks in leading centers for the week ended October 15 aggregated \$10,573,000,000. Total debits during the 13 weeks ended October 15 amounted to \$130,911,000,000, or 28% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 23% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 30%.

#### SUMMARY BY FEDERAL RESERVE DISTRICTS (In millions of dollars)

| Federal Reserve District            | Week Ended    |               | 13 Weeks Ended |                |
|-------------------------------------|---------------|---------------|----------------|----------------|
|                                     | Oct. 15, 1941 | Oct. 16, 1941 | Oct. 15, 1941  | Oct. 16, 1941  |
| Boston                              | 565           | 487           | 7,132          | 5,774          |
| New York                            | 4,200         | 3,576         | 51,190         | 41,586         |
| Philadelphia                        | 536           | 437           | 7,169          | 5,364          |
| Cleveland                           | 770           | 614           | 9,810          | 7,541          |
| Richmond                            | 466           | 359           | 5,364          | 4,010          |
| Atlanta                             | 380           | 272           | 4,373          | 3,191          |
| Chicago                             | 1,587         | 1,507         | 20,083         | 15,232         |
| St. Louis                           | 387           | 275           | 4,299          | 3,066          |
| Minneapolis                         | 215           | 166           | 2,681          | 2,085          |
| Kansas City                         | 347           | 287           | 4,361          | 3,357          |
| Dallas                              | 290           | 224           | 3,412          | 2,527          |
| San Francisco                       | 850           | 779           | 11,038         | 8,791          |
| <b>Total, 274 reporting centers</b> | <b>10,573</b> | <b>8,984</b>  | <b>130,911</b> | <b>102,525</b> |
| New York City*                      | 3,865         | 3,276         | 46,647         | 37,867         |
| 140 Other leading centers*          | 5,763         | 4,934         | 72,733         | 55,723         |
| 133 Other centers                   | 945           | 773           | 11,530         | 8,935          |

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

### September Output and Shipments of Slab Zinc

The American Zinc Institute on Oct. 7 released the following tabulation of slab zinc statistics:

#### TOTAL SLAB ZINC SMELTER OUTPUT (ALL GRADES) 1929-1941 (Tons of 2000 lb.)

| Year            | Stock at Beginning | Production | Shipments |                    | Stock End of Period | Unfilled Orders Period | Daily Ave. Prod. |
|-----------------|--------------------|------------|-----------|--------------------|---------------------|------------------------|------------------|
|                 |                    |            | Domestic  | Exports & Drawback |                     |                        |                  |
| 1929            | 46,430             | 631,601    | 596,249   | 6,352              | 75,430              | 18,585                 | 1,730            |
| 1930            | 75,430             | 504,463    | 436,079   | 196                | 143,618             | 26,651                 | 1,355            |
| 1931            | 143,618            | 300,738    | 314,473   | 41                 | 129,842             | 18,273                 | 822              |
| 1932            | 129,842            | 213,531    | 218,347   | 170                | 124,856             | 8,478                  | 583              |
| 1933            | 124,856            | 324,705    | 343,762   | 239                | 105,560             | 15,978                 | 890              |
| 1934            | 105,560            | 366,933    | 352,515   | 148                | 119,830             | 30,786                 | 1,004            |
| 1935            | 118,005            | 431,499    | 465,687   | 59                 | 83,758              | 51,186                 | 1,182            |
| 1936            | 83,758             | 523,166    | 561,969   | 0                  | 44,955              | 78,626                 | 1,429            |
| 1937            | 44,955             | 589,619    | 569,241   | 0                  | 65,333              | 49,339                 | 1,615            |
| 1938            | 65,333             | 456,990    | 395,534   | 20                 | 126,769             | 40,829                 | 1,252            |
| 1939            | 126,769            | 538,198    | 598,972   | 0                  | 65,995              | 53,751                 | 1,475            |
| 1940            | 74,262             | 58,442     | 54,291    | 5,355              | 72,878              | 36,809                 | 1,885            |
| Jan.            | 72,878             | 55,518     | 50,386    | 3,481              | 74,529              | 47,469                 | 1,914            |
| Feb.            | 74,529             | 58,690     | 49,163    | 3,633              | 80,623              | 34,580                 | 1,900            |
| Mar.            | 80,623             | 57,299     | 45,498    | 4,604              | 87,820              | 45,326                 | 1,910            |
| Apr.            | 87,820             | 58,320     | 53,557    | 13,526             | 79,057              | 55,389                 | 1,881            |
| May             | 79,057             | 53,273     | 52,946    | 3,854              | 79,530              | 59,043                 | 1,776            |
| June            | 75,530             | 57,168     | 56,064    | 8,627              | 68,007              | 53,726                 | 1,844            |
| July            | 68,007             | 57,196     | 59,511    | 13,478             | 52,214              | 69,508                 | 1,845            |
| Aug.            | 52,214             | 59,800     | 63,045    | 12,148             | 38,821              | 95,445                 | 1,993            |
| Sept.           | 36,821             | 63,338     | 63,970    | 9,129              | 27,060              | 116,420                | 2,043            |
| Oct.            | 27,060             | 61,502     | 61,200    | 4,864              | 22,498              | 126,120                | 2,050            |
| Nov.            | 22,498             | 65,354     | 64,984    | 5,286              | 17,582              | 125,132                | 2,108            |
| Dec.            | —                  | —          | —         | —                  | —                   | —                      | —                |
| Monthly Average | 706,100            | 58,842     | 674,615   | 88,165             | 58,217              | 7,347                  | 1,929            |
| 1941            | 17,582             | 66,121     | 63,930    | 4,914              | 14,859              | 121,026                | 2,133            |
| Jan.            | 14,859             | 61,603     | 57,663    | 3,155              | 10,644              | 109,151                | 2,200            |
| Feb.            | 10,644             | 70,341     | 65,011    | 2,629              | 13,345              | 97,638                 | 2,269            |
| Mar.            | 13,345             | 68,543     | 65,035    | 5,379              | 11,474              | 95,256                 | 2,285            |
| Apr.            | 11,474             | 73,449     | 61,898    | 11,394             | 11,933              | 98,435                 | 2,369            |
| May             | 11,933             | 70,837     | 61,546    | 10,023             | 11,101              | 99,583                 | 2,361            |
| June            | 11,101             | 74,641     | 62,714    | 9,180              | 13,948              | 81,456                 | 2,408            |
| July            | 13,948             | 75,524     | 61,061    | 10,342             | 17,969              | 68,604                 | 2,438            |
| Aug.            | 17,969             | 73,225     | 64,673    | 7,094              | 19,427              | 67,079                 | 2,441            |
| Sept.           | —                  | —          | —         | —                  | —                   | —                      | —                |

#### PRODUCTION BY GRADES

| Month | Spec. H.G. | High Grade | Inter mediate | Brass Spl. | Select | Prime Western | Total  |
|-------|------------|------------|---------------|------------|--------|---------------|--------|
| 1941  | —          | —          | —             | —          | —      | —             | —      |
| Sept. | 15,767     | 15,088     | 4,548         | 5,570      | 1,456  | 30,796        | 73,225 |

Note—Commencing with January 1940, production from foreign ores is included in the monthly figures which reflect the total output at smelters of Slab Zinc of all grades, as reported by all producers represented in the membership of the Institute. The unchanged totals for previous years do not include production from foreign ores, which was not a vital factor in those years; this explains the discrepancy between stock shown at end of 1939 and at the beginning of 1940.

### Cotton Spinning Activity Higher In September

The Bureau of the Census announced Oct. 18, that according to preliminary figures 24,271,952 cotton spinning spindles were in place in the United States on Sept. 30, 1941, of which 22,963,944 were operated at some time during the month, compared with 23,029,066 for August, 23,028,082 for July, 22,994,980 for June, 23,004,082 for May, 22,807,432 for April, and 22,281,476 for September, 1940. The aggregate number of active spindle hours reported for the month of September was 10,406,906,124, compared with 10,253,003,576 for August. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during September, 1941, at 123.7% capacity. This percentage compares, on the same basis, with 125.3 for August, 123.0 for July, 121.5 for June, 121.7 for May, 120.1 for April, and 96.8 for September, 1940. The average number of active spindle hours per spindle in place for the month was 429, in comparison with 421 in August. The total number of cotton spinning spindles in place, the number active, the number of active spindle hours, and the average hours per spindle by States, are shown in the following statement:

| State                 | Spinning Spindles |                         | Active Spindle Hrs. for Sept. |                              |
|-----------------------|-------------------|-------------------------|-------------------------------|------------------------------|
|                       | In place Sept. 30 | Active during September | Total                         | Average per spindle in place |
| United States         | 24,271,952        | 22,963,944              | 10,406,906,124                | 429                          |
| Cotton Growing States | 17,925,304        | 17,381,906              | 8,365,974,465                 | 467                          |
| New England States    | 5,634,560         | 4,954,328               | 1,839,042,658                 | 326                          |
| All other States      | 712,088           | 627,710                 | 201,889,001                   | 284                          |
| Alabama               | 1,808,380         | 1,789,260               | 877,772,689                   | 485                          |
| Connecticut           | 523,992           | 477,566                 | 160,003,270                   | 305                          |
| Georgia               | 3,156,944         | 3,031,590               | 1,502,642,847                 | 476                          |
| Maine                 | 654,900           | 593,594                 | 252,773,347                   | 386                          |
| Massachusetts         | 3,164,900         | 2,766,180               | 987,094,836                   | 312                          |
| Mississippi           | 152,070           | 132,486                 | 62,194,114                    | 409                          |
| New Hampshire         | 298,208           | 257,460                 | 124,104,399                   | 416                          |
| New York              | 325,660           | 280,650                 | 102,258,389                   | 314                          |
| North Carolina        | 5,774,812         | 5,611,824               | 2,552,229,345                 | 442                          |
| Rhode Island          | 894,048           | 825,256                 | 297,793,718                   | 333                          |
| South Carolina        | 5,407,732         | 5,284,874               | 2,674,512,649                 | 495                          |
| Tennessee             | 553,096           | 542,808                 | 264,273,662                   | 478                          |
| Texas                 | 243,064           | 226,812                 | 106,983,562                   | 440                          |

### Foreign Front

(Continued from page 731) the present moment, must precede any further attempt at invasion of German-held areas.

Whatever the occasion for publication of the Gort correspondence at this time, the fact remains that fighting between British and German forces continued along precisely the same lines taken during recent months. British air attacks were enlarged and attained fresh heights. German maneuvers at sea also increased, and some special announcements were issued at Berlin to signalize sinkings of sizable numbers of merchant ships. Two British destroyers and ten cargo vessels were claimed destroyed by the Germans, last Saturday, and they added that this encounter had no relation to the damage sustained by the U. S. destroyer Kearny.

### Occupied Europe

Reports of the most distressing nature continue to reflect the difficulties of that vast portion of the European continent which German Nazi forces have conquered militarily, without being able to persuade the populace toward acceptance of their "new order." Frenchmen, Belgians, Hollanders, Norwegians, Czechs, Serbians and Greeks are in revolt against the German overlords. But the Nazis possess the weapons and are putting them to horrible use in downing the insurrections.

Indicative was the slaying at Nantes, occupied France, of the German military commander, Lieut. Col. Karl F. Holtz, by unidentified assassins. This killing on Monday was followed, Tuesday, by the shooting of no less than fifty French "hostages," and by threats of still more terrible reprisals if the culprits remained unapprehended. Similar incidents in other occupied regions have been numberless and there is every reason to believe they are continuing.

More terrible even than such developments is the approach of another dreadful winter, in which the sorrowing peoples of the occupied areas are certain to suffer horribly. The conquerors are said to have stripped the countries under their dominance of all materials and foodstuffs, and little now is reaching such regions through the British blockade. The prospects for the coming winter are sad, indeed, for much of Europe.

### Latin-America

Slight but steady progress is the rule in the Good Neighbor policy adopted by the Administration in Washington with respect to the twenty Latin-American Republics. An interesting indication of that progress was furnished last week, when a reciprocal trade agreement between the United States and Argentina was signed in Buenos Aires. This pact was lauded rather extravagantly in Washington, and accepted with a measure of reserve in Argentina, the different viewpoints relating to the political emphasis in the United States and the economic emphasis in the Latin-American country.

The competitive nature of Argentine and United States production made a satisfactory trade treaty difficult to formulate, and it would be idle to assume that the pact now signed meets all requirements of the situation. Both countries reduced import duties modestly on a few score items, and agreed to bind on the respective free lists other items. Canned meats will enter the United States on a lessened scale of imposts, but no relaxation was effected of the "quar-

### Federal Reserve September Business Index

The Board of Governors of the Federal Reserve System on Oct. 20 issued its monthly indexes of industrial production, factory employment and payrolls, &c. In another item in these columns today we give the Board's customary summary of business conditions. The indexes for September, together with comparisons for a month and a year ago, are as follows:

|                                | BUSINESS INDEXES   |       |       |  |       |       |
|--------------------------------|--|-------|-------|--|-------|-------|
|                                | 1935-39 average = 100 for industrial production and freight-car loadings |       |       | 1923-25 average = 100 for all other series |       |       |
|                                | Adjusted for seasonal variation  |       |       | Without seasonal adjustment                |       |       |
|                                | 1941   | 1940  | 1941  | 1940                                       | 1939  | 1938  |
| Industrial production—         |  |       |       |  |       |       |
| Total                          | p160   | 160   | 127   | p166                                       | 162   | 132   |
| Manufactures—                  |  |       |       |  |       |       |
| Total                          | p166   | 165   | 129   | p172                                       | 167   | 133   |
| Durable                        | p202   | 198   | 151   | p204                                       | 198   | 150   |
| Nondurable                     | p137   | 139   | 112   | p145                                       | 142   | 119   |
| Minerals                       | p130   | 131   | r116  | p136                                       | 134   | 124   |
| Construction contracts, value— |  |       |       |  |       |       |
| Total                          | p159   | 152   | 93    | p160                                       | 159   | 93    |
| Residential                    | p101   | 112   | 82    | p101                                       | 111   | 82    |
| All other                      | p207   | 184   | 101   | p209                                       | 199   | 102   |
| Factory employment—            |  |       |       |  |       |       |
| Total                          | *  | 133.0 | 108.9 | *  | 132.8 | 111.4 |
| Durable goods                  | *  | 141.1 | 107.4 | *  | 138.4 | 108.2 |
| Nondurable goods               | *  | 125.3 | 110.3 | *  | 127.5 | 114.4 |
| Factory payrolls—              |  |       |       |  |       |       |
| Total                          | *  |       |       | *  | 157.8 | 111.6 |
| Durable goods                  | *  |       |       | *  | 177.1 | 115.1 |
| Nondurable goods               | *  |       |       | *  | 136.2 | 107.7 |
| Freight-car loadings           | 130  | 139   | 112   | 145  | 140   | 125   |
| Department store sales, value  | p112   | 134   | 97    | p121                                       | 106   | 105   |
| Department store stocks, value | p  | 87    | 70    |  | 84    | 73    |

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, nondurable manufactures, and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, nondurable by .469, and minerals by .152.

Construction contract indexes based on 3-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern states. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by \$410,269,000, residential by \$184,137,000, and all other by \$226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

### INDUSTRIAL PRODUCTION

|                                 | 1935-39 average = 100           |      |      |                             |      |      |
|---------------------------------|---------------------------------|------|------|-----------------------------|------|------|
|                                 | Adjusted for seasonal variation |      |      | Without seasonal adjustment |      |      |
|                                 | 1941                            | 1940 | 1941 | 1940                        | 1939 | 1938 |
| Manufactures—                   |                                 |      |      |                             |      |      |
| Iron and steel                  | 192                             | 185  | 169  | 192                         | 185  | 166  |
| Pig iron                        | 185                             | 182  | 167  | 185                         | 182  | 164  |
| Steel                           | 207                             | 198  | 175  | 207                         | 198  | 171  |
| Open hearth & Bessemer          | 178                             | 172  | 164  | 179                         | 172  | 161  |
| Electric                        | 405                             | 392  | 247  | 405                         | 392  | 242  |
| Machinery                       | p225                            | 223  | 145  | p225                        | 223  | 142  |
| Transportation equipment        | p245                            | 240  | 159  | p245                        | 221  | 154  |
| Aircraft                        | p238                            | 1123 | 508  | p238                        | 1123 | 508  |
| Automobiles                     |                                 |      |      |                             |      |      |
| Bodies, parts, & assembly       | p137                            | 139  | 121  | p137                        | 118  | 119  |
| Factory sales                   | p75                             | 93   | 110  | p76                         | 47   | 89   |
| Railroad cars                   | p247                            | 236  | 148  | p247                        | 236  | 135  |
| Locomotives                     | p356                            | 355  | 140  | p356                        | 355  | 137  |
| Shipbuilding                    | p514                            | 484  | 220  | p514                        | 484  | 213  |
| Nonferrous metals and products  | p186                            | 184  | 143  | p185                        | 184  | 143  |
| Copper smelting                 | p135                            | 135  | 129  | p135                        | 135  | 129  |
| Zinc smelting                   | 175                             | 175  | 148  | 175                         | 175  | 143  |
| Copper deliveries               | p225                            | 221  | 154  | p225                        | 221  | 156  |
| Zinc shipments                  | 146                             | 143  | 141  | 146                         | 143  | 138  |
| Tin consumption                 | *                               | 161  | 113  | *                           | 159  | 104  |
| Lumber and products             | p137                            | 140  | 121  | p149                        | 152  | 132  |
| Lumber                          | p128                            | 134  | 121  | p143                        | 148  | 134  |
| Furniture                       | p154                            | 153  | 121  | p162                        | 158  | 127  |
| Stone, clay, and glass products | p152                            | 154  | 124  | p170                        | 172  | 139  |
| Polished plate glass            | 120                             | 133  | 118  | 120                         | 109  | 118  |
| Textiles and products           | p152                            | 154  | 116  | p152                        | 154  | 118  |
| Cotton consumption              | 156                             | 160  | 119  | 156                         | 160  | 119  |
| Rayon deliveries                | p168                            | 170  | 120  | p168                        | 170  | 139  |
| Silk deliveries                 | p34                             | 56   | 65   | p32                         | 50   | 65   |
| Wool textiles                   | p173                            | 166  | 123  | p173                        | 166  | 120  |
| Leather and products            | p119                            | 121  | 95   | p127                        | 128  | 102  |
| Tanning                         | *                               | 123  | 90   | *                           | 119  | 89   |
| Cattle hide leathers            | *                               | 140  | 95   | *                           | 133  | 94   |
| Calf and kip leathers           | *                               | 103  | 82   | *                           | 108  | 81   |
| Goat and kid leathers           | *                               | 96   | 83   | *                           | 94   | 84   |
| Shoes                           | p116                            | 119  | 99   | p130                        | 135  | 111  |
| Manufactured food products      | p130                            | 133  | 110  | p158                        | 153  | 133  |
| Wheat flour                     | 99                              | 98   | 100  | 114                         | 99   | 115  |
| Meat packing                    | p132                            | 134  | 121  | p123                        | 116  | 112  |
| Other manufactured foods        | p131                            | 135  | 109  | p169                        | 159  | 140  |
| Paper and products              | *                               | 147  | 120  | *                           | 146  | 124  |
| Paperboard                      | 158                             | 161  | 118  | 167                         | 163  | 125  |
| Printing and publishing         | p127                            | 129  | 108  | p127                        | 120  | 108  |
| Newsprint consumption           | 105                             | 109  | 104  | 106                         | 96   | 105  |
| Petroleum and coal products     | *                               | 130  | 116  | *                           | 131  | 118  |
| Petroleum refining              | *                               | 126  | 112  | *                           | 128  | 114  |
| Gasoline                        | *                               | 126  | 113  | *                           | 130  | 116  |
| Fuel oil                        | *                               | 127  | 113  | *                           | 124  | 114  |
| Lubricating oil                 | *                               | 132  | 102  | *                           | 131  | 102  |
| Kerosene                        | *                               | 116  | 121  | *                           | 111  | 119  |
| Beehive coke                    | p426                            | 453  | 267  | p426                        | 453  | 222  |
| Chemicals                       | p144                            | 145  | 114  | p148                        | 142  | 116  |
| Rubber products                 | p132                            | 130  | 124  | p132                        | 130  | 126  |
| Rubber consumption              | 134                             | 132  | 125  | 134                         | 132  | 128  |
| Minerals—                       |                                 |      |      |                             |      |      |
| Fuels                           | p128                            | 129  | 115  | p129                        | 125  | 116  |
| Bituminous coal                 | p135                            | 147  | 119  | p140                        | 135  | 124  |
| Anthracite                      | p127                            | 162  | 108  | p122                        | 120  | 103  |
| Crude petroleum                 | p125                            | 119  | 114  | p125                        | 122  | 114  |
| Metals                          | p142                            | 144  | r127 | p176                        | 182  | 172  |
| Iron ore                        | 203                             | 203  | 155  | 311                         | 335  | 301  |
| Copper                          | p154                            | 155  | 137  | p152                        | 152  | 136  |
| Lead                            | *                               | 116  | 112  | *                           | 116  | 112  |

p—Preliminary or estimated. r—Revised. \* Data not yet available.

### FREIGHT-CAR LOADINGS

|                     | 1935-39 average = 100 |     |      |     |     |     |
|---------------------|-----------------------|-----|------|-----|-----|-----|
| Coal                | 133                   | 158 | 114  | 140 | 139 | 120 |
| Coke                | 176                   | 199 | 147  | 172 | 167 | 144 |
| Grain               | 111                   | 103 | r107 | 122 | 125 | 117 |
| Livestock           | 84                    | 84  | 98   | 111 | 80  | 129 |
| Forest products     | 138                   | 152 | 122  | 149 | 160 | 132 |
| Other products      | 149                   | 155 | 145  | 261 | 271 | 254 |
| Miscellaneous       | 135                   | 141 | 112  | 150 | 141 | 124 |
| Merchandise, l.c.l. | 97                    | 99  | 95   | 102 | 99  | 100 |

r—Revised. Note—To convert coal and miscellaneous indexes to points in total index, multiply coal by .213 and miscellaneous by .548.

antine" which long has kept Argentine frozen beef out of the United States. In turn, Argentina failed to grant simple most-favored-nation treatment to the United States, owing to preferences

granted Britain and the sterling area. Essentially, the trade position between the United States and Argentina will be little affected by this latest in the series of reciprocal trade treaties. The po-

### Retail Prices Continue to Gain in Sept.

### Reports Fairchild Retail Price Index

Retail prices in September showed an advance of 2.5% over August, and 12.9% over September a year ago, according to the Fairchild Publications retail price index. The advance of 2.5% in September was smaller than the gain in August which reached 3%. The index at 105.2 (Jan. 3, 1931, equals 100) is the highest since 1930. Quotations show an advance of 18.3% compared with the period immediately preceding the outbreak of the war. The announcement further said:

Each one of the major groups gained during the month, with the greatest advance recorded in women's apparel, and piece goods following. These two major groups also recorded the largest advance during August. Infants' wear and home furnishings showed the smallest gains. In comparison with a year ago, piece goods showed the greatest gain as well as the largest in comparison with the period immediately preceding the outbreak of hostilities. Home furnishings follow, with an increase only slightly smaller.

For the second time in years, every commodity included in the index showed a gain. Among the items showing marked advances during the month were women's hosiery, aprons and house-dresses, sheets and pillow cases, furs, women's underwear, men's hosiery and men's underwear. As compared with a year ago increases have been very marked for many items. For example, cotton piece goods advanced 18.6%, sheets 16.5%, silks 13.7%, women's hosiery 13.3%, aprons and housedresses 14.9%, furs 30.9%, furniture 21.9%.

The advance in retail prices will continue in coming months, especially with current quotations still below replacement, according to A. W. Zelomek, economist, under whose supervision the index is compiled. However, there is a possibility that the rate of advance will slow down after the turn of the year.

### THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX

|                         | Jan. 3, 1931 = 100 |        |        |        |         |        |
|-------------------------|--------------------|--------|--------|--------|---------|--------|
|                         | May 1              | Oct. 1 | July 1 | Aug. 1 | Sept. 2 | Oct. 1 |
| Composite index         | 1933               | 1940   | 1941   | 1941   | 1941    | 1941   |
| Piece goods             | 69.4               | 93.2   | 97.7   | 99.6   | 102.6   | 105.2  |
| Men's apparel           | 65.1               | 86.7   | 91.3   | 93.3   | 97.1    | 99.9   |
| Women's apparel         | 70.7               | 89.1   | 90.1   | 91.5   | 93.3    | 95.5   |
| Infants' wear           | 71.8               | 91.8   | 95.3   | 95.9   | 100.4   | 104.1  |
| Home furnishings        | 76.4               | 97.3   | 98.1   | 97.7   | 100.0   | 101.2  |
| Piece Goods—            |                    |        |        |        |         |        |
| Silks                   | 70.2               | 95.0   | 100.4  | 102.4  | 104.9   | 106.9  |
| Woolens                 | 57.4               | 69.4   | 70.9   | 72.0   | 76.7    | 79.9   |
| Cotton wash goods       | 69.2               | 87.6   | 91.8   | 93.2   | 95.8    | 98.4   |
| Domestics—              |                    |        |        |        |         |        |
| Blankets & comfortables | 68.6               | 103.2  | 111.3  | 114.6  | 118.7   | 122.4  |
| Women's Apparel—        |                    |        |        |        |         |        |
| Hosiery                 | 65.0               | 93.5   | 99.3   | 100.8  | 104.8   | 109.9  |
| Aprons & house dresses  | 72.9               | 115.0  | 119.2  | 120.8  | 122.8   | 123.8  |
| Corsets & brassieres    | 59.2               | 73.6   | 73.3   | 73.5   | 79.4    | 83.4   |
| Furs                    | 75.8               | 105.7  | 107.9  | 111.0  | 114.6   | 121.4  |
| Underwear               | 83.8               | 93.0   | 93.5   | 94.6   | 96.3    | 99.1   |
| Shoes                   | 68.8               | 105.5  | 121.5  | 128.2  | 133.0   | 138.1  |
| Men's Apparel—          |                    |        |        |        |         |        |
| Hosiery                 | 69.2               | 86.0   | 87.4   | 88.0   | 90.7    | 93.8   |
| Underwear               | 76.5               | 88.0   | 88.1   | 88.2   | 88.6    | 88.7   |
| Shirts & neckwear       | 64.9               | 87.6   | 87.5   | 89.2   | 91.3    | 94.3   |
| Hats & caps             | 69.6               | 91.8   | 92.8   | 94.2   | 96.6    | 100.3  |
| Clothing/incl. overalls | 74.3               | 86.2   | 86.4   | 87.4   | 89.3    | 90.0   |
| Shoes                   | 69.7               | 82.8   | 84.5   | 85.7   | 86.9    | 89.0   |
| Infants' Wear—          |                    |        |        |        |         |        |
| Socks                   | 70.1               | 91.7   | 93.4   | 95.2   | 97.1    | 99.3   |
| Underwear               | 76.3               | 94.6   | 95.9   | 97.4   | 99.6    | 101.0  |
| Shoes                   | 74.0               | 103.0  | 104.0  | 104.0  | 105.3   | 109.3  |
| Furniture               | 74.3               | 95.2   | 95.3   | 95.9   | 96.8    | 98.8   |
| Floor coverings         | 80.9               | 93.8   | 95.1   | 96.3   | 97.9    | 98.6   |
| Musical instruments     | 69.4               | 101.0  | 113.3  | 116.7  | 120.5   | 123.1  |
| Luggage                 | 79.9               | 127.1  | 133.6  | 135.1  | 136.7   | 139.3  |
| Electrical Household—   |                    |        |        |        |         |        |
| Appliances              | 50.6               | 54.0   | 54.5   | 56.7   | 58.9    | 61.3   |
| China                   | 60.1               | 76.0   | 77.9   | 79.1   | 81.8    | 84.2   |

Note—Composite index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups. \* Revised.

### September Flour Output Shows Sizable Gain

Flour production for September, as reported to The Northwestern Miller by plants representing 65% of the national output, totaled 6,178,777 barrels, a 586,000-barrel increase over the August figure and more than 140,000 barrels above the amount manufactured in September last year.

## Market Transactions In Govts. for Sept.

Market transactions in Government securities for Treasury investment accounts in September, 1941, resulted in net sales of \$2,500, Secretary Morgenthau announced on Oct. 16. There were no purchases or sales of Government securities completed in August.

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

| Year     | Month     | Amount                | Type                  |           |
|----------|-----------|-----------------------|-----------------------|-----------|
| 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 |           |
|          |           | 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 |                       |           |
|          | September | \$2,500               | sold                  |           |

## Corn Acreage Allotment

The United States Department of Agriculture announced on Sept. 19 a 1942 commercial corn acreage allotment of 37,580,000 acres for the 1942 commercial corn area comprising 623 counties in 15 North-Central and Eastern States. The allotment represents an increase of 280,000 acres when compared with the 1941 allotment of 37,300,000 acres, and the Department announces that the increase will be used in making minor adjustments in individual cases. State and county allotments, which will be announced in the near future, will be about the same as in 1941 and most 1942 farm allotments will be the same as in 1941. As a consequence, it is expected that the 1942 corn allotments for most individual farms will remain the same as in 1941 with few revisions being necessary.

In announcing the national corn allotment, Department officials said that there will be ample feed supplies for the increase in production of livestock and livestock products sought through the Farm Defense Program without an increase in the commercial corn acreage this year. In determining the allotment, allowance was made for an increase of more than 100,000,000 bushels in corn consumption in the year beginning Oct. 1, 1941 and an additional increase was allowed for the year following.

Panama and Peru also gained attention in recent days, owing to developments in those countries which have a bearing on the diplomatic relations of the Americas. The coup in Panama, which displaced President Arnulfo Arias, occasioned some conjecture as to any possible part played by the United States in the incident. Secretary of State Cordell Hull denied last Thursday any complicity of our State Department. Panama lifted, last Monday, the restrictions against arming of Panama registered ships, which seemed for a time to be the precursor of the governmental change. Peruvian authorities were incensed last week, when the United States Government summarily seized some airplanes destined for that country, and sent them winging on their way to Russia. But assurances of full compensation were extended the Lima Government, which settled at least the financial aspect of the incident.

## Cottonseed Receipts, Stocks Surpass Last Year

On Oct. 11 the Bureau of the Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the 2 months ended with September, 1941 and 1940:

| State            | COTTON SEED RECEIVED, CRUSHED, AND ON HAND (TONS) |         | Crushed            |         | On hand at mills |         |
|------------------|---|---------|--------------------|---------|------------------|---------|
|                  | Received at mills*                                |         | Aug. 1 to Sept. 30 |         | Sept. 30         |         |
|                  | 1941  | 1940    | 1941               | 1940    | 1941             | 1940    |
| United States    | 1,145,117   | 725,422 | 526,663            | 434,299 | 748,983          | 330,630 |
| Alabama          | 79,884  | 36,725  | 59,661             | 30,581  | 31,396           | 6,726   |
| Arizona          | 11,862  | 10,785  | 6,920              | 6,183   | 5,159            | 4,610   |
| Arkansas         | 177,203   | 51,405  | 71,307             | 35,563  | 130,828          | 21,397  |
| Georgia          | 63,825  | 69,990  | 61,646             | 53,268  | 21,095           | 17,854  |
| Louisiana        | 35,512  | 35,777  | 19,608             | 23,376  | 16,430           | 12,652  |
| Mississippi      | 246,373   | 64,896  | 91,255             | 43,059  | 159,144          | 28,351  |
| North Carolina   | 39,390  | 34,927  | 16,621             | 18,807  | 29,495           | 19,730  |
| Oklahoma         | 35,109  | 21,584  | 10,537             | 8,943   | 24,804           | 13,149  |
| South Carolina   | 22,392  | 38,693  | 11,549             | 24,240  | 13,851           | 14,969  |
| Tennessee        | 161,210   | 23,997  | 57,815             | 13,667  | 124,063          | 11,456  |
| Texas            | 218,472   | 306,741 | 93,272             | 167,902 | 152,394          | 155,251 |
| All other states | 53,895  | 29,902  | 23,172             | 8,707   | 40,326           | 24,485  |

\* Does not include 130,529 and 39,507 tons on hand Aug. 1 nor 4,005 and 879 tons reshipped for 1941 and 1940 respectively.

| Item                                  | COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND |         | Produced Aug. |         | Ship. out Aug. |         | On hand  |         |
|---------------------------------------|--|---------|---------------|---------|----------------|---------|----------|---------|
|                                       | Season   |         | 1 to Sept. 30 |         | 1 to Sept. 30  |         | Sept. 30 |         |
|                                       | 1941-42  | 1940-41 | 1941          | 1940    | 1941           | 1940    | 1941     | 1940    |
| Crude oil (thousand pounds)           | 1941-42  | 1940-41 | 163,278       | 135,500 | 132,701        | 91,350  | *79,584  | 80,066  |
| Refined oil (thousand pounds)         | 1941-42  | 1940-41 | 196,364       | 80,452  | ---            | ---     | 178,724  | 347,492 |
| Cake and meal (tons)                  | 1941-42  | 1940-41 | 227,115       | 227,115 | 217,174        | 176,390 | 174,385  | 96,560  |
| Hulls (tons)                          | 1941-42  | 1940-41 | 151,439       | 135,737 | 133,076        | 154,100 | 154,100  | 154,100 |
| Linters (running bales)               | 1941-42  | 1940-41 | 123,154       | 103,418 | 170,511        | 116,751 | 103,477  | 116,007 |
| Hull fiber (500-lb. bales)            | 1941-42  | 1940-41 | 1,834         | 5,872   | 3,693          | 1,278   | 4,013    | 1,916   |
| Grabbots, notes, etc. (500-lb. bales) | 1941-42  | 1940-41 | 1,215         | 4,993   | 1,979          | 4,895   | 6,281    | 9,773   |

\* Includes 13,192,000 and 17,411,000 pounds held by refining and manufacturing establishments and 7,859,000 and 22,939,000 pounds in transit to refiners and consumers August 1, 1941 and Sept. 30, 1941 respectively.

† Includes 7,268,000 and 2,970,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,903,000 and 3,923,000 pounds in transit to manufacturers of shortening, oleomargarine, soap, etc., August 1, 1941 and Sept. 30, 1941 respectively.

‡ Produced from 102,455,000 pounds of crude oil.

## EXPORTS AND IMPORTS OF COTTONSEED PRODUCTS FOR 12 MONTHS ENDING JULY 31

| Item                | 1941       | 1940       |
|---------------------|------------|------------|
| Exports: Oil, crude | 2,913,991  | 5,120,097  |
| Oil, refined        | 12,027,139 | 14,310,471 |
| Cake and meal       | 977        | 6,743      |
| Linters             | 21,288     | 320,479    |
| Imports: Oil, crude | none       | none       |
| Oil, refined        | 4,468,884  | 12,860,309 |
| Cake and meal       | 53,226     | 29,009     |
| Linters             | 251,777    | 63,176     |

## To Survey Phila. Water System in re Defense

President Roosevelt revealed on Oct. 17 that he had asked Paul V. McNutt, Federal Security Administrator, to investigate whether the water and sewer systems in the city of Philadelphia are in such a condition as to "constitute a menace to the defense program." Pointing out, in a letter to Mr. McNutt, that defense contracts for more than \$1,000,000,000 have been placed in the city of Philadelphia and that the Federal Government is the single largest direct employer in the city, the President asserted that "the entire nation has, therefore, an especial and immediate interest in the health and living conditions of the people of Philadelphia and the safeguarding of the great industries of that city." Mr. McNutt was directed, if necessary, to recommend ways and means by which the Federal Government may cooperate with Philadelphia authorities to safeguard national and local interests.

The President's letter to Mr. McNutt follows:

Reports have reached me to the effect that the water and sewer systems of the city of Philadelphia have been allowed to fall into such a state of disrepair as to constitute a threat to defense work from fires and a menace to the health and welfare of the people of the city on whom we are counting for so large a portion of our defense production.

Defense contracts for more than a billion dollars have been placed in Philadelphia and in addition, the Philadelphia Navy Yard, the Frankfort Arsenal, and the Quartermaster depot make the Federal Government the single largest direct employer in the city. The entire nation has, therefore, an especial and immediate interest in the health and living conditions of the people of Philadelphia and the safe-

guarding of the great industries of that city.

Will you please determine by a prompt investigation whether or not there are conditions in Philadelphia which constitute a menace to our defense program, and—if you find that there are—will you recommend ways and means by which the Federal Government may cooperate with the local authorities to insure that national as well as local interests will be served and safeguarded.

## No Collateral for "E" Defense Bond Issuers

The Federal Reserve Bank of New York recently issued the Treasury Department's first amendment to its "Regulations Governing Agencies for the Issue of Defense Savings Bonds Series E." According to a letter sent to banks in the New York Reserve District by Allan Sproul, President of the New York Reserve Bank, the amendment provides, in effect, that any designated issuing agent insured by the Federal Deposit Insurance Corporation, the Federal Savings & Loan Insurance Corporation or any other acceptable State Insurance Corporation, System or Fund, the members of which are subject to Federal or State supervision, examination and liquidation, may, without the pledge of collateral security, apply for Defense Savings Bond stock of Series "E" sufficient to meet its requirements. The letter further states:

In the case of an issuing agent which is insured by the Federal Deposit Insurance Corporation, the aggregate amount of such stock which may be maintained at any one time, taken at maturity values, shall not exceed 50% of the agent's capital and surplus or guaranty fund or reserve for capital purposes or \$500,000, whichever is the smaller amount. In the case of any other issuing agent which

## Retail Food Costs Advance Sharply From Mid-August to Mid-September

Retail food prices again rose sharply between mid-August and mid-September. The cost of food for the moderate-income family was up 2.6%; Acting Commissioner Hinrichs of the Bureau of Labor Statistics reported on Oct. 9. The advances were countrywide and affected most of the important foods except fresh fruits and vegetables, which were selling at seasonally low levels. Bread, meat, milk, sugar, coffee, and canned goods were all quoted at higher prices. These advances in retail costs followed earlier rapid rises in wholesale markets, which in turn reflected a variety of influences, including government purchases, increased domestic consumer demand, higher costs of production, and some speculative buying. From the Bureau's announcement we also quote:

At their Sept. 16 levels, retail food costs were 110.8% of their 1935-39 average, the highest level since January, 1931. Since March of the current year, when the rapid rise in food prices began, there has been an increase of 12.6%. In the last two weeks of September, according to preliminary reports, the rise in retail markets was at a much slower rate than in the previous month, as wholesale prices moved downward.

From mid-August to mid-September, prices of bread and milk, which had begun to go up in July in many cities, were advanced in other cities so that prices of bread were higher in September than in July in 41 of the 51 cities surveyed by the Bureau of Labor Statistics and prices of milk were up by 1 to 3 cents a quart in 33 of these cities.

Pork prices, which had been increasing since December, 1940, maintained a seasonal advance through mid-September, and lamb and beef also moved up to high late summer levels. Particularly sharp increases were reported for canned salmon, as many retailers reported acute shortages of red salmon because of the Government's purchase policy. There was a further rise for eggs, and on Sept. 16 egg prices were 60% above the price in March of this year, and lard was 52% higher than in March.

Since last year at this time retail food prices have moved upward by 14% on the average. The outstanding increases were 57% for lard, 30% for pork and 20 to 30% for such foods as butter, cheese, evaporated milk, eggs, canned peaches, navy beans and coffee. Only 1 of the 54 foods was selling for less in September, 1941, than a year earlier.

Changes in prices from Aug. 12 to Sept. 16 and since September, 1940, for the more important foods were as follows:

| Item                  | September 1941 compared with    |                                    |
|-----------------------|---------------------------------|------------------------------------|
|                       | August 1941 (Percentage Change) | September 1940 (Percentage Change) |
| Eggs                  | +10.1                           | +25.7                              |
| Pork chops            | +8.1                            | +26.1                              |
| Coffee                | +5.8                            | +23.6                              |
| Cheese                | +4.5                            | +27.2                              |
| Milk, fresh (average) | +3.7                            | +13.0                              |
| Rib roast             | +3.6                            | +9.9                               |
| Butter                | +3.1                            | +26.8                              |
| Round steak           | +3.0                            | +3.0                               |
| Sugar                 | +2.6                            | +17.9                              |
| White bread           | +2.4                            | +4.9                               |
| Evaporated milk       | +2.4                            | +20.0                              |
| Canned tomatoes       | +2.1                            | +14.3                              |
| Flour                 | +1.9                            | +18.5                              |
| Roasting chickens     | 0                               | +6.1                               |
| Oranges               | -3.1                            | +12.5                              |
| Potatoes              | -3.8                            | +13.9                              |

Retail food prices advanced more than 3% in 13 of 51 cities between mid-August and mid-September. The largest increases were for Chicago (5.7%), Kansas City (5.4%), Portland, Oregon (4.9%) and St. Louis (4.7%). Greater than average advances for dairy products, fats and oils, cereals and bakery products and higher prices for fruits and vegetables were responsible for the large increases in these 4 cities. Advances of less than 1% were reported for only 3 cities, Rochester (0.8%), and Cincinnati and Jacksonville (0.9%). The greatest increases since September of last year were in Mobile (19.5%), Portland, Oregon (19.3%), and Kansas City (19.2%).

Index numbers of food costs by commodity groups for the current period and for Aug. 12, 1941, July 15, 1941, Sept. 17, 1940, and Aug. 15, 1939, are shown below:

| Commodity Group             | INDEX NUMBERS OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS |         |         |          |         |
|-----------------------------|---|---------|---------|----------|---------|
|                             | Five-year Average 1935-39=100                             |         |         |          |         |
|                             | Sept. 16  | Aug. 12 | July 15 | Sept. 17 | Aug. 15 |
| ALL FOODS                   | 110.8   | 108.0   | 106.7   | 97.2     | 93.5    |
| Cereals and Bakery Products | 100.9   | 99.0    | 96.2    | 96.2     | 93.4    |
| Meats                       | 115.5   | 111.2   | 108.7   | 102.4    | 95.7    |
| Beef and veal               | 116.2   | 112.1   | 108.6   | 111.4    | 99.6    |
| Pork                        | 114.8   | 109.5   | 106.1   | 88.1     | 88.0    |
| Lamb                        | 116.3   | 109.6   | 111.5   | 105.4    | 98.8    |
| Chickens                    | 103.1   | 103.1   | 104.5   | 96.6     | 94.6    |
| Fish, fresh and canned      | 129.9   | 125.5   | 120.4   | 110.8    | 99.6    |
| Dairy Products              | 118.5   | 114.5   | 112.3   | 99.7     | 93.1    |
| Eggs                        | 132.9   | 120.7   | 114.7   | 105.7    | 90.7    |
| Fruits and Vegetables       | 100.7   | 103.4   | 107.0   | 90.4     | 92.4    |
| Fresh                       | 99.6  | 103.8   | 109.3   | 89.4     | 92.8    |
| Canned                      | 102.5   | 1100.2  | 97.9    | 91.9     | 91.6    |
| Dried                       | 111.1   | 109.1   | 106.5   | 100.5    | 90.3    |
| Beverages                   | 109.2   | 103.8   | 101.4   | 91.1     | 94.9    |
| Fats and Oils               | 103.0   | 99.2    | 96.6    | 81.3     | 84.5    |
| Sugar                       | 111.8   | 109.0   | 107.8   | 94.8     | 95.6    |

† Preliminary. ‡ Revised.

is insured, the aggregate amount of such stock which may be maintained at any one time, taken at maturity values, shall not exceed 50% of the issuing agent's capital and surplus or guaranty fund or reserve for capital purposes, or other similar fund or funds, or \$50,000, whichever is the smaller amount. The Secretary of the Treasury, directly or through the Federal Reserve Bank of the district as fiscal agent, reserves the right to regulate the amount of stock which may be obtained or maintained by any issuing agent without the pledge of collateral.

The Treasury's circular relative to the rules was given in our issue of April 19, page 2476.

## Setting New Records

With the conclusion of nine years of operation by the Federal Home Loan Bank of Chicago, A. R. Gardner, President of the Bank, reports that in the 1941 fiscal year the Chicago Regional Bank made home loans totaling \$112,316,000, a gain of 22% over the previous year. The total of the 455 members' combined assets reached \$464,412,000 at the fiscal year-end compared with \$425,528,000 a year before. From its establishment up to last Sept. 25, the Chicago Bank had advanced \$96,624,326 to its member institutions. Repayments of \$68,077,773 leave \$28,546,553 as outstanding credits in use by the members, the largest amount for any of the 12 Federal Home Loan Banks.

## Railroads to Continue Special Fare to Army

Railroads have agreed to continue until Oct. 31, 1942, the special fare of 1 1/4 cents per mile for the uniformed personnel of the Army, Navy, Marine Corps and Coast Guard when traveling on furlough in uniform at their own expense, J. J. Pelley, President of the Association of American Railroads announced on Oct. 22. This arrangement also applies to cadets, midshipmen and nurses of the various branches of the service.

Effective on Oct. 31, this year, arrangements have been completed whereby this fare will be extended to military forces of the British Empire traveling within the United States in uniform at their own expense when on official leave, furlough, or pass.

The special fare is good, under a 30-day limit, for round-trip travel in coaches between all points in the United States. Special fare tickets may be purchased upon presentation of an official furlough-fare certificate which can be obtained from commanding officers at all military establishments.

This plan of allowing the uniformed forces traveling on furlough a special railroad fare was established on May 1, 1941. It was to have expired at the end of this month.

## Requests Exemption Of Second Mortgages

The National Association of Real Estate Boards has requested the Board of Governors of the Federal Reserve System to amend its regulations on consumer credit so as to grant an exemption for second mortgages of less than \$1,000 incurred in the course of ordinary real estate transactions.

The Association also asks that the land contracts customarily in use in some parts of the country in acquisition of home sites and other real estate be included in the exemption. Unless such action is taken, second mortgages of less than \$1,000 can run no longer than 18 months, according to a recent ruling. The Association further states:

Neither second mortgages in excess of \$1,000 undertaken for the purpose of acquiring land or real estate nor first mortgages for this purpose are subject to the regulations, adopted in August and applying to installment buying. Since second mortgages undertaken for the purchase of a home or other real estate are usually a part of a larger transaction involving both a down payment and a first mortgage, it is assumed no such mortgages were intended to be included in the installment regulations.

Despite the degree to which use of second mortgages has been reduced in recent years, there are many communities in which the second mortgage taken out by the builder is still necessary procedure for home building and home ownership under present conditions, the Association states.

## On Shipbuilders Council

H. Gerrish Smith, President of the National Council of American Shipbuilders, announced on Oct. 9 the appointment of Lewis Compton as executive assistant to the President of the Council. Mr. Compton, a former Assistant Secretary of the Navy, played an important part in the development of the Naval expansion program. He recently resigned as Finance Commissioner of the State of New Jersey to accept this appointment.

## House Approves Added Sums for Lease-Lend

By a vote of 328 to 67 the House of Representatives on Oct. 10 approved and sent to the Senate the second lease-lend appropriation bill aggregating \$5,985,000,000. The action came after a motion to recommit the bill was voted down by a voice vote and following the defeat of attempts to ban any aid under the bill to Soviet Russia and to reduce some of the sums allocated. The lease-lend fund was part of an appropriation bill totaling \$3,159,416,229. The other \$174,416,229 provides supplemental funds for many defense items which are deficient, the largest being \$121,000,000 for Navy ordnance and ordnance stores.

The main appropriations under the lease-lend program are as follows:

\$1,190,000 for ordnance and ordnance stores, supplies, spare parts, etc.

\$685,000,000 for aircraft and aeronautical material including engines.

\$385,000,000 for tanks, armored cars, automobiles and other vehicles.

\$850,000,000 for vessels, ships, boats and supplies.

\$155,000,000 for miscellaneous military and naval equipment.

\$375,000,000 for facilities and equipment, acquisition of land, etc.

\$1,875,000,000 for agricultural, industrial and other commodities.

\$175,000,000 for testing and repair of equipment for foreign governments.

\$285,000,000 for services and expenses for carrying out the program.

\$10,000,000 for administrative expenses.

The Senate Finance Committee on Oct. 14 began its hearings on the lease-lend appropriation bill and it is expected that the measure will reach the Senate floor early next week with final approval coming in the latter part.

President Roosevelt had requested Congress on Sept. 18 to appropriate an additional \$5,985,000,000 in order that there be "no interruption in the flow of aid to those countries whose defense is vital to our own" (referred to in these columns of Oct. 2, page 411). The President told his press conference on Oct. 14 that transfers of lease-lend supplies to countries under the program amounted to \$155,000,000 in September, a record amount, and that all but 5% of the original \$7,000,000,000 appropriated remains unallocated.

## Bolton to Get Medal Of Chemical Industry

The Chemical Industry Medal of the Society of Chemical Industry will be presented to Elmer K. Bolton, Chemical Director of E. I. du Pont de Nemours & Co., at a joint meeting of the American Section of the Society of Chemical Industry, the New York Section of the American Chemical Society and the New York Section of the American Institute of Chemical Engineers on Nov. 7, with Lincoln T. Work, presiding. The medal is awarded for valuable application of chemical research to industry. The meeting will be held at The Chemists' Club, 52 East 41st Street, New York City. C. M. A. Stine, Vice-President of the du Pont Co., will speak on the personal side of the medallist's life and Prof. Roger Adams of the University of Illinois will speak on the technical accomplishments of the medallist. The medal will be presented by Wallace P. Cohoe, past Chairman of the American Section, and following the presentation Dr. Bolton will give an address on "The Development of Nylon." Preceding the meeting, a dinner in honor of Dr. Bolton will be given at the Club.

## Congress Votes RFC More Borrowing Power

Final Congressional action on the bill increasing the borrowing power of the Reconstruction Finance Corporation by \$1,500,000,000 came on Oct. 13 when the Senate passed the measure on a voice vote. The House had approved the legislation on Oct. 7 by a voice vote.

It is planned to use approximately \$1,000,000,000 of this amount for expansion of the steel industry and part of the remainder for expansion of other industries, for purchase of critical materials and other activities in connection with defense plants in which the RFC, through its subsidiaries, has been engaged.

Before the House approved the measure on Oct. 7 it rejected by a 69 to 25 vote an amendment which would have prohibited using any of the authorization as a loan to Soviet Russia. Last month Federal Loan Administrator Jesse Jones made arrangements whereby the Soviet Union contracted to buy \$100,000,000 of strategic raw materials. The transaction involved advancing \$50,000,000 of the amount before delivery of the materials for Soviet purchases in this country. Of this advance fund \$30,000,000 had been made available up to Oct. 1. The agreement with Russia, under which this country will receive manganese, chromite, asbestos and platinum, was referred to in our issue of Oct. 2, page 412.

When this legislation was originally introduced in the House it contained a provision which would have authorized the Federal Loan Administrator to import any commodity free of duty if he deemed it a "strategic and critical" material needed for the defense program. However this provision was eliminated after it was found to be too controversial a subject. The House, during its consideration of the bill, defeated by a 95 to 94 vote an amendment prohibiting relaxation of duties on materials imported for the account of RFC defense agencies. It was explained that these agencies have not been paying an import duty on materials purchased from other countries inasmuch as the Government is doing the buying.

## Farm Outlook Good

The best economic outlook for farmers in many years was reported on Oct. 6 by the United States Department of Agriculture in its monthly survey of the agricultural situation. The analysis, in part, follows:

Prices, income and purchasing power were reported at high levels.

But costs of production—farm wages and materials used in production—also are rising.

Continuing good consumer demand for farm products, increased Government buying of food, and Government loans and other supports to prices were cited in the farm outlook for 1942.

Fall harvests now being made assure dairymen, poultrymen, hog growers and cattlemen abundant feed for stock this winter. Feed and food granaries and warehouses were reported well stocked for winter needs in this country and for export of food to Britain.

Department economists called attention to the "biggest food production program in our Nation's history," and to national goals calling for high record production of milk, cheese, eggs, meats, vegetables, and other foods in 1942. They said that with good weather and the "all-out" cooperation of farmers in making needed adjustments for national defense, the 1942 food production goals will be reached.

## G. W. Borton Heads Bank Auditors Ass'n

C. W. Borton, Assistant Vice President of the Irving Trust Co., New York City, was elected President of the National Association of Bank Auditors and Comptrollers at the concluding session of the organization's annual convention recently held in Chicago. He succeeds Charles Z. Meyer, Comptroller of the First National Bank of Chicago, who now becomes a member of the Advisory Board. Mr. Borton has been active in the affairs of both the New York City conference and the national organization for a number of years. From 1932 to 1938 he was a national committeeman in the second district. At the Houston convention in 1938 he was elected to national office as Secretary-Treasurer and each year since that time he has advanced through the various offices and now assumes the top executive position.

Mr. Borton was appointed Assistant Auditor of Irving Trust Company in 1926 after four years service in the company. He was elected Auditor in 1932, and Assistant Vice-President in 1939. He is also President of the New York Control of the Controllers Institute of America.

Other officers of the National Association of Bank Auditors and Comptrollers elected to new positions include: O. A. Waldow, Comptroller, National Bank of Detroit, First Vice President; Hugh E. Powers, Cashier, Lincoln Bank and Trust Co., Louisville, Ky., Second Vice President; John C. Shea, Auditor, Whitney National Bank, New Orleans, La., Secretary, and B. N. Jenkins, Auditor, First National Bank and Trust Co., Oklahoma City, Okla., Treasurer.

## Bonuses & Wage-Hour Law

A statement defining bonuses which do not affect overtime payments was issued on Sept. 2 by General Philip B. Fleming, Administrator of the Wage and Hour Division, U. S. Department of Labor. Test of such a bonus is that the payment and amount are solely in the discretion of the employer, says the statement which likewise stated that the employee has no contract rights, expressed or implied, to any amount. Gen. Fleming was quoted as follows on Sept. 2:

"At the time the Fair Labor Standards Act of 1938 went into effect the Wage and Hour Division took the position that production bonuses were part of an employee's pay and should be included in the computation of overtime. That is still the position of the Division. The Division later said that unless it could be conclusively demonstrated that any payment was a gift or a gratuity, such a payment must be added to the 'regular rate of pay' on which the time and a half for overtime is computed.

"Some employers have written us that they were hesitating about giving their employees bonuses from their currently enlarged earnings. So we are issuing this statement to dispel doubts.

"The statement also defines the type of bonus while affects the regular rate of pay and shows how such bonuses are to be computed in arriving at overtime compensation. It also warns that weird 'bonus' schemes for the evasion of overtime payments will not be countenanced by the Division in its enforcement of the Act.

"Like other interpretations of the Division, this statement indicates the construction of the Act which will guide the Division in its administration and enforcement unless directed otherwise by the authoritative rulings of the courts."

## Construction Volume Greatest in 12 Years

Construction contracts awarded in 37 Eastern States during the first nine months of 1941 amounted to \$4,510,879,000 according to F. W. Dodge Corporation, while in the comparable period of 1940 award volume was \$2,784,352,000. Not since 1929 has construction volume exceeded four and a half billion dollars during the first nine months of the year. An announcement issued by Dodge Oct. 18 continued:

In the first three quarters of 1941, non-residential building expanded to \$1,682,166,000—more than double the volume in the corresponding period of 1940. Residential building contracts awarded amounted to \$1,561,285,000, an increase of 38 per cent over the 1940 nine-month volume of \$1,136,362,000.

Building and engineering contract awards during September 1941 totaled \$623,292,000, declining somewhat from the record level of August 1941, but 79 per cent larger than September 1940. It was also the largest volume for any September recorded in the F. W. Dodge Corporation record of construction in 37 Eastern States.

Commenting on the September contract record, Thomas S. Holden, President of F. W. Dodge Corporation said: "Recent trends toward peak construction activity are obviously dampened considerably by the SPAB order of October 9 restricting non-defense construction. Nevertheless, the defense construction and defense housing needs of the coming year will require a very large construction volume, probably more than in any post-depression year except 1940 and 1941. The defense program requires a continuing record volume of defense plant construction, warehouse facilities of many kinds for handling defense materials, defense housing at the rate of 50,000 family units a month, defense highways, community facilities (including necessary commercial buildings) to serve defense areas, and necessary modernization, rehabilitation and repairs of existing buildings."

## ABA Trust Conference

An Economic-Trust Panel entitled, "America Under a War Economy" will be one of the new features of the Twelfth Mid-Continent Trust Conference of the American Bankers Association to be held at the Statler Hotel, St. Louis, Mo., on Nov. 6 and 7, according to the program for the conference announced by Richard G. Stockton, President of the Trust Division, and Vice-President and Senior Trust Officer of the Wachovia Bank and Trust Co., Winston-Salem, N. C. Three nationally known economists and three outstanding trust men will participate in this panel.

Another new feature will be a "case method" investment symposium. Three hypothetical, but practical trust investment problems, will be discussed by three speakers followed by questions from the floor. Merrill E. Otis, District Judge of the United States District Court, Kansas City, Mo., jurist of the Midwest, will be the speaker for the annual banquet on the evening of Nov. 6. His subject will be "The Individual and the State in a Shaken World." The Corporate Fiduciaries Association of St. Louis and the St. Louis Clearing House Association will act as hosts to the conference. David R. Calhoun, Vice-President of the St. Louis Union Trust Co., is general chairman of the conference.

### Reserve Banks to Stop Contract Service

The Board of Governors of the Federal Reserve System announced on Oct. 11 that as soon as the Division of Contract Distribution is properly organized the offices maintained at the Federal Reserve Banks and their branches by the recently-abolished Defense Contract Service will be discontinued. In indicating this the Board says:

The Division of Contract Distribution has adopted a plan of organization on a greatly expanded basis for the establishment of offices at new and additional locations in every State and the managers of these offices are to report directly to Washington.

The Board further says: The Federal Reserve Banks will continue, through their own officers who have been designated for this purpose at their head offices and branches, to furnish advice and assistance to small business enterprises in obtaining necessary financing arrangements through their local banks wherever possible, or when necessary, through other lending agencies, including the Federal Reserve Banks and the Reconstruction Finance Corporation.

The Federal Reserve officers will also advise with the field officers of the Division of Contract Distribution and will continue to cooperate with the procurement officers of the military services in regard to financial and credit information which they may desire.

The appointment early this year of seven District Co-Ordinators of Defense Contract Service was referred to in our issue of March 8, 1941, page 1519.

### Land Bank Bonds Called

Directors of Fletcher Joint Stock Land Bank, Indianapolis, have called for payment on Nov. 1, 1941, \$150,000 of its 1% bonds dated Nov. 1, 1939, and due May 1, 1942, according to announcement made Oct. 16 by Wm. B. Schiltges, President of the Joint Stock Bank. The retirement, ahead of the due date of these bonds is due largely, Mr. Schiltges said, to the improved prices for farm products which has stimulated liquidation of farm debts by loan prepayments and also has increased the sales of farm lands. The bonds to be retired normally would have fallen due May 1, 1942. They are part of an issue of \$500,000 of 1% bonds, dated Nov. 1, 1939, and callable May 1, 1941. They are to be paid through the Guaranty Trust Co. of New York, the City National Bank and Trust Co. of Chicago and the Fletcher Trust Co. of Indianapolis.

The bank's announcement further stated:

With the retirement of this block of bonds, there will be outstanding \$4,098,000 in obligations of the Joint Stock Land Bank, made up of \$350,000—1% bonds due May 1, 1942, \$487,000 1% bonds due May 1, 1943, \$500,000 1 1/4% bonds due July 1, 1944, \$1,740,000 1 1/2% bonds due July 1, 1945 and \$1,021,000 1 1/2% bonds due March 1, 1946. In addition, the Joint Stock Land Bank holds in its treasury at the present time \$637,000 of its own obligations. The refunding operations were handled through the bond department of the Fletcher Trust Co. under the direction of H. F. Clippinger, Vice-President in charge of the bond department.

At the peak of the business of the Joint Stock Land Bank, which is being liquidated according to Federal statute, it had outstanding loans on farm lands in central Indiana amounting to \$16,235,599. During this same period its total bonds outstanding were \$14,730,000.

### Responsibilities of Women Forum Topic

Leaders in business, labor, religion, health and home economics will participate in a three-day forum on the campus of Stephens College, Columbia, Mo., Nov. 6, 7 and 8, to chart a broad-gauge educational program designed to equip American women for the responsibilities of citizenship in a democracy. James Madison Wood, President of the college announced recently. Owen D. Young, honorary Chairman of the General Electric Co., is honorary Chairman of the advisory committee for the forum, and Dr. W. W. Charters, director of educational research at Ohio State University, is Chariman.

"This forum is being held at this time," Mr. Wood explained, "because we believe that it is now more important than ever to recognize that democracy is no longer the unchallenged, fool-proof ideal as a political organism, but must be fortified with strong moral fiber to survive—and that a nation's whole moral fiber is shaped and nurtured during the formative years in the home itself."

The broad theme of the forum, consisting of talks by outstanding leaders and round table discussions in which students, faculty, alumnae, and visitors will participate, will be "The American Woman and Her Responsibility." "The objectives," President Wood said, "will be the charting of a broad-gauge educational program that will give truly effective guidance to the generation of American women who will be our mothers and housewives of tomorrow, from the standpoint of their responsibilities in that role." Mr. Wood added:

"The present urgent need for awakening women to their important role as bulwarks of democracy through intelligent, satisfactory home-making leads us to believe that it is now time to extend that realistic approach throughout the whole field of feminine education, which, undoubtedly, long has tended to place too much emphasis on the opportunities of women in a democracy rather than on their responsibilities."

### Mortgage Loans Up

New mortgage loans made by the Mutual Savings Banks of New York State for the first nine months of 1941 showed another sharp increase of 4,659 loans, or 32 1/2% over the same period last year, according to figures released Oct. 17 by the Savings Banks Association of the State of New York. The announcement says:

In the first nine months of 1941, New York State savings banks made 19,033 new loans, with a total value of \$151,441,000. This compares with 14,374 loans, with an aggregate value of \$140,654,000 in the corresponding period last year.

Mortgage lending by savings banks during the third quarter of the current year showed a gain both over the second quarter of 1941 and the third quarter of 1940, with 7,107 loans for \$55,118,000. This compares with 6,776 loans in the preceding period, and 5,268 in the third period of 1940.

Of the total for the period just ended 2,408 were savings banks mortgages, with a value of \$25,447,000; 2,202 were FHA insured mortgages for \$9,393,000; 316, with a value of \$1,805,000, represented additional loans on existing mortgages, and 2,181 were purchase money mortgages aggregating \$18,473,000.

### Lumber Movement Week Ended October 11, 1941

Lumber production during the week ended Oct. 11, 1941, was 2% less than the previous week, shipments were 8% less, and new business 9% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 1% below production; new orders 8% below production. Compared with the corresponding week of 1940 production was 10% greater, shipments 1% less, and new business 13% less. The industry stood at 122% of the average of production in the corresponding week of 1935-39 and 125% of average 1935-39 shipments in the same week.

#### Year-to-date Comparisons

Reported production for the 41 weeks of 1941 to date was 13% above corresponding weeks of 1940; shipments were 14% above the shipments, and new orders were 10% above the orders of the 1940 period. For the 41 weeks of 1941 to date, new business was 6% above production, and shipments were 5% above production.

#### Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 36% on Oct. 11, 1941, compared with 31% a year ago. Unfilled orders were 0.2% less than a year ago; gross stocks were 13% less.

#### Softwoods and Hardwoods

Record for the current week ended Oct. 11, 1941, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

| SOFTWOODS AND HARDWOODS |           |           |                        |
|-------------------------|-----------|-----------|------------------------|
|                         | 1941 Week | 1940 Week | 1941 Prev. Week (Rev.) |
| Mills                   | 459       | 459       | 473                    |
| Production              | 274,039   | 248,282   | 279,393                |
| Shipments               | 270,489   | 273,633   | 294,354                |
| Orders                  | 252,641   | 289,204   | 276,363                |
| 1941 Week               |           |           |                        |
| Mills                   | 381       | 93        |                        |
| Production              | 263,172   | 10,867    | 100%                   |
| Shipments               | 257,483   | 13,006    | 120                    |
| Orders                  | 242,909   | 9,732     | 90                     |

### Message to Chile on Its Independence Day

President Roosevelt on Sept. 18 expressed to the Chilean people his appreciation for their continued "devotion to sound democratic processes" and the "adherence to those measures of continental defense required by the present circumstances." The President's message, addressed to President Pedro Aguirre Cerda of Chile, was sent on the occasion of the national anniversary of Chilean independence. The following is the text of the message:

On this anniversary of the independence of Chile I am happy to extend to Your Excellency and to the people of Chile my personal felicitations and those of the people of the United States. As the free republic of the Americas commemorate the fundamental dates of their national histories they become increasingly aware of the threats abroad in the world today to free nations and to free institutions everywhere.

It has therefore been particularly heartening to me and to the people of the United States during the past year to note the unequivocal and continued evidence in Chile of a traditional devotion to sound democratic processes and of an unqualified adherence to those measures of continental defense required by the present circumstances. I am glad to have this opportunity of extending to Your Excellency my best wishes for your personal welfare and for the prosperity of the people of Chile.

### Interest Payments on German Loan Bonds

The German Embassy in Washington issued on Oct. 15 the following announcement concerning payment of interest on the bonds of the so-called Dawes and Young Loans:

Since by the decree issued by the President of the United States on June 14, 1941, all German assets in the United States have been frozen, there are no dollar funds available for further purchases of coupons of the German External Loan of 1924 (Dawes Loan) and the German Government International 5 1/2% Loan, 1930 (Young Loan), stamped "U. S. A. domicile 1st October, 1935." Owners and holders (Inhaber) of coupons appertaining to bonds of the American tranche of the above-mentioned loans, stamped with the above-quoted legend, as well as owners and holders of unstamped coupons of the above bonds, will receive payment for such coupons by a Reichsmark deposit with the "Treuhandgesellschaft von 1933 m. b. H., Berlin. Any special agreements, which are in force now, are not affected hereby.

The maturing coupons may be presented for payment at the "Wertpapier - Abteilung der Deutschen Reichsbank in Berlin C 111" either directly or through a bank. The "Wertpapier-Abteilung der Reichsbank" will thereupon deposit the equivalent in Reichsmark with the "Treuhandgesellschaft von 1933 m. b. H." in Berlin to be credited to a personal Reichsmark-Treuhand account of the owners and holders of these coupons. The use of such credit balances by the owner and holder is subject, as heretofore, to a permit of the Reichsbank.

Coupons, when presented for payment, should be accompanied by sworn statements (affidavits) as heretofore for unstamped coupons, segregating the coupons as to issue, maturity date and face value amount. Non-American owners and holders have to supplement above-mentioned affidavits by special statements.

### Chain Store Sales Index

The Chain Store Age index of sales of leading chain organizations in September was 147, relative to the 1929-1931 average as 100, as compared with 122 in the same month of 1940. This represented a gain of 17%.

September volume receded to more normal levels. However, sales kept in line with the upward trend curve followed earlier this year and also were well ahead of 1940 totals.

The index figures of sales by class groups were as follows:

|         | Sept. 1941 | Aug. 1941 | Sept. 1940 |
|---------|------------|-----------|------------|
| Variety | 150        | 159       | 125        |
| Apparel | 164        | 184       | 137        |
| Shoe    | 160        | 208       | 137        |
| Drug    | 174        | 167       | 147        |
| Grocery | 135        | 135       | 112        |

### HOLC Office Moving

The New York regional offices of the Home Owners Loan Corporation now located at 270 Broadway will move in February to the new national headquarters of the HOLC at 2 Park Avenue, it was announced on Oct. 15 by Charles A. Jones, General Manager. The change will require the HOLC to take three-and-a-half additional floors in the 2 Park Ave. Building. When the national offices of the HOLC were moved from Washington to New York in September (referred to in these columns Oct. 2, page 415) six floors were occupied. The New York regional offices take in eight States: New York, New Jersey, Massachusetts, Maine, Vermont, New Hampshire, Connecticut and Rhode Island.

### Dept. of Agriculture To Aid Cotton Exports

A new export subsidy program, which, officials state, will help remove the disparity that now exists between American cotton and foreign-grown cotton on foreign markets, particularly the Canadian market, was announced on Sept. 18 by the United States Department of Agriculture. In explanation of its action, the Department said that increases in the price of American cotton during the past few months have brought exports virtually to a standstill, exports last season being only 1,084,000 bales, the smallest in many years, and comparing with 6,192,000 bales exported two years ago when a program was in effect for aiding the exportation of raw cotton.

Under the program announced Sept. 18, persons who furnish satisfactory evidence of having exported cotton within a fixed period, or who have executed a bond guaranteeing the exportation of cotton, will be offered equal quantities of 1937 crop cotton owned by Commodity Credit Corporation. The plan requires that the cotton must be exported not earlier than Sept. 18, 1941, and not later than July 31, 1942. The sale of cotton in such manner, officials of the CCC said, will decrease the supply of cotton in the United States, which in recent years has been burdensome. In compliance with existing law, sales must not exceed 300,000 bales in any month or 1,500,000 bales per year. Sales by the Corporation will be restricted to not more than 10,000 bales to one person on a given day and to not more than 100,000 bales to any person engaged in exporting cotton to Canada.

The following is from the Agriculture Department's announcement of Sept. 18:

The sale price of cotton released will be fixed at 13 1/4 cents a pound for 15/16-inch middling cotton at warehouse locations in the Group B mill area of the Carolinas. The price at other locations east of the Mississippi River will vary in the same amount as the location differentials under the 1941 cotton loan program. West of the Mississippi River, the sale price at each warehouse location will be the base price in the Carolina mill area, less the freight rate to such area from the warehouse.

Premiums and discounts for grades and staples above and below middling 15/16-inch will be the average of the 10 spot markets for staple lengths up to but not including 1-1/16-inch during the period from Sept. 1 to Sept. 15, 1941. For staples 1-1/16-inch and longer, the average, during the same period on the Memphis market will be used.

### Urban Home Financing

Urban home financing exceeded \$3,000,000,000 during the first eight months of 1941, economists of the Federal Home Loan Bank Board announced on Oct. 18.

During August, according to the Board, 144,700 mortgages were recorded in an amount of \$428,000,000 by all types of lenders, the savings and loan group again leading the field with 32.5% of the total, or \$139,000,000. Banks and trust companies recorded \$105,000,000—the second largest amount—and individual mortgage lenders were third with \$69,000,000.

In dollar volume, the January-August period of 1941 was 17.4% ahead of that of 1940, and increased in number by 12.4%.

## Action Toward Preventing Inflation Urged By Marriner S. Eccles at Tax Conference

Action toward preventing inflation was urged on Oct. 14 by Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, at which time he advocated that the Government make full use of the tools of monetary control to prevent inflationary price advances and block a relapse into depression and deflation after the emergency. Mr. Eccles remarks were made before a conference of the National Tax Association at St. Paul and according to special advices to the New York "Journal of Commerce," from which the foregoing is taken, he spoke in favor also of the extension of social security benefits to additional millions and increased taxation to make that possible; he favored \$30 a month for everyone reaching the age of 65 and Federal grants to make maximum payments of \$50 a month.

It was pointed out in the "Wall Street Journal" of Oct. 15 that Roy Blough, Treasury Tax Research Director, speaking at the Conference, indicated that the goal of the Government's fiscal policy is to obtain the most money in the ways that will block inflation. From the "Wall Street Journal's" advices we also quote:

The Treasury Department's Director of Tax Research described the Government's financial policy as to "obtain a maximum of receipts in a non-inflationary way."

Mr. Blough said the preferable method of financing the defense effort is to secure money from taxes, sales of defense bonds and tax notes and sales of regular Treasury issues to insurance companies. He said that sales of regular issues to banks, will in general increase new deposits and therefore is inflationary. For this reason the tax expert explained the Treasury is seeking to borrow most of its money from non-banking investors.

With respect to what Mr. Eccles had to say we quote in part as follows from the St. Paul account to the New York "Journal of Commerce":

"We should rely heavily upon fiscal policy as a stabilizing factor and as a motivating force without which monetary policy alone is ineffective," he emphasized. Policies of the States should parallel those of the Federal Government, he said.

"We should utilize and coordinate these over-all instruments of public policy because they are the only logical alternatives to a no longer possible laissez faire, on the one hand, and a regimented, policed economy of Fascist character, on the other."

Mr. Eccles declared that these instruments of economic influence should be utilized to their fullest, not only during the defense period, "but in the future when economic problems of a world at peace will ironically be even more difficult to deal with than the economic problems of a world at war."

A far-reaching program of investment in productive public works, adapted to the differing needs of the nation's geographical areas, was outlined by Chairman Eccles as the best "remedy" for post-war ills which are inevitable in periods of reconstruction.

"Productive public investment, which should be non-competitive with private enterprise, means not only roads, public buildings, subsidized housing, bridges, dams and irrigation projects," he emphasized, "but also better education and a higher level of public health and nutrition." In this connection he pointed to the large number of young men found physically unfit for military service.

"The social security mechanism," he said, "is ideally suited

to use as an anti-inflationary measure in periods like the present, and an anti-deflationary measure in times such as we may have when the defense effort is over. This is the time to build up a reserve by increasing the taxes both for old age and unemployment—decreasing the taxes and drawing on the reserve as unemployment develops."

"If we are to be successful in the objective of creating a high and steadily increasing demand for the products of industry after the defense period, we must adopt a progressive tax system bearing heavily upon savings concentrated in creditor areas and lightly upon the great mass of families of the low income groups," he declared.

"This means that we must get rid of, or at least check the growth of the sort of taxes to which our States have unfortunately been forced to resort more and more in recent years."

"I am referring to the general sales taxes and the taxes on gasoline, tobacco and other articles of mass consumption," said Mr. Eccles. "These have taken on increasing importance in State tax structures in recent years as a consequence of the inadequacy of the general property tax and the pressure to find funds to finance relief and other welfare expenditure."

Although these taxes were enacted with the commendable motive of preserving the solvency and credit standing of our State and local governments, they had an unfortunate effect upon the level of activity in the economy as a whole and were among factors that made national recovery slow and incomplete until the beginning of the defense program," he said.

Taxation also was the subject of a statement broadcast from Washington on Oct. 14 by Assistant Secretary of the Treasury John Sullivan to the California Radio Forum. Mr. Sullivan, (the "Wall Street Journal" reported), asserted that not only are taxes necessary, but that the people are ready and willing to see taxation employed against inflation.

"There is no more effective weapon against inflation than taxation," he said, "and there is no weapon that the American people will more willingly employ." It is learned from the same source:

Mr. Sullivan added that there is a high and noble purpose behind taxation today. He declared "our taxes, after all, are paying for the weapons with which this country can remain strong and free. They are the largest single source of funds for guns and ships, the tanks and planes on which our future and our children's future depend."

At the St. Paul Conference on Taxation criticism of Federal methods of taxing corporations figured in an address on Oct. 14 by William A. Paton, Professor of Accounting at the University of Michigan. In the St. Paul "Pioneer Press" it was stated that Prof. Paton criticized the Federal income tax system as needlessly complicated. From the St. Paul paper we likewise quote:

Corporation taxing methods, he said, seem to indicate that the government is "opposed to the corporate form of doing business." The whole setup of corporation income taxes, he added, indicate the Government is "out to get the corporations."

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|--|----------|
| Electric production for week ended Oct. 18 totaled 3,273,184,000 kwhs., a gain of 15.3% over year ago.                                 | Page 726 |
| Portland cement industry produced 16,115,000 barrels during month of September.  | Page 731 |
| Slab zinc production during September totaled 73,225 tons.   | Page 731 |
| Freight car loadings in week ended Oct. 11 show gain of 11.3% over year ago.   | Page 725 |
| Railroads had 88,819 new freight cars on order on Oct. 11.   | Page 731 |
| Coal production during month of September higher than year ago according to recent preliminary figures.                                | Page 731 |
| Increased Activity in cotton spinning industry in September.   | Page 731 |
| Steel stocks are being redistributed. OPM to place U. S. Navy department under "No Hoarding" ban.                                      | Page 726 |
| World Prices Steady  | Page 730 |
| United States and Argentina sign reciprocal trade agreement.   | Page 728 |
| Measures against inflation discussed by M. S. Eccles and Roy Blough—Criticism of methods of taxation at Tax Conference by Prof. Paton. | Page 736 |
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| Retail food costs again advance sharply from Mid-August to Mid-September   | Page 733 |
| Retail prices continue to gain in September, reports Fairchild Publications  | Page 732 |
| Industrial activity continues at high rate, reports Federal Reserve Board  | Page 721 |

He criticized the excess profits tax as unwise and unscientific.

Speaking at the same session, Harley E. Lutz, Professor of Finance at Princeton University, decried the burdens of taxation on private enterprise.

"The decay of enterprise," he said, "was not produced by the depression. It was caused by the killing taxes on the fruits of enterprise."

"The most short-sighted aspect of progressive taxation of incomes is the naive assumption that wealth or income can actually be redistributed or equalized by the process."

Franklin S. Edmonds, Philadelphia attorney and former President of the National Tax Association, which is sponsoring the conference, saw dangers of a totalitarian state in present tax trends.

Speaking in the evening at the general session in the Hotel Lowry, Mr. Edmonds said:

"If the present methods and rates of taxation are continued after the emergency is past they will chill the ardor for achievement and destroy the free capital of the nation, change our industrial economy to a static basis and eventually destroy the fiscal integrity of the states."

At the Conference on Oct. 13, belief that state governments may have to make inroads on special state tax funds because of the national defense emergency was voiced by Leslie M. Gravlín, Minnesota Commissioner of Administration, said the "Pioneer Press," from which we also quote:

"We may be forced by necessity," Mr. Gravlín said at a meeting in the Hotel Lowry, "to hasten the day when the people's funds will be distributed in accordance with the needs of the people today, instead of on the basis of what organized groups were able to garner for their special interests in other years."

"We may have to revise our conception of raising tax revenues, particularly the earmark-

## Moody's Commodity Index Is Lower

Moody's Daily Commodity Index declined from 210.7 last Tuesday to 203.9 in mid-week but closed the week at 207.1, recovering about half of the loss. The principal movement was in the prices of wheat, corn, hogs and cotton.

The movement of the index has been as follows:

|                       |       |
|-----------------------|-------|
| Tuesday, Oct. 14      | 210.7 |
| Wednesday, Oct. 15    | 208.8 |
| Thursday, Oct. 16     | 203.9 |
| Friday, Oct. 17       | 205.4 |
| Saturday, Oct. 18     | 206.6 |
| Monday, Oct. 20       | 205.2 |
| Tuesday, Oct. 21      | 207.1 |
| Two weeks ago, Oct. 7 | 212.9 |
| Month ago, Sept. 20   | 215.6 |
| Year ago, Oct. 21     | 164.2 |
| 1940—High—Dec. 31     | 171.8 |
| Low—Aug. 16           | 149.3 |
| 1941—High—Sept. 9     | 219.9 |
| Low—Feb. 17           | 171.6 |

## Foreclosures Still Down

The downward trend of urban real estate foreclosures during 1941's first eight-month period continued during August, reaching what likely is a new 15-year low—estimated at 4,271—as against a brief peak period in June, 1933, when as many as 1,000 homes were foreclosed daily, economists of the Federal Home Loan Bank Board disclosed on Oct. 11. The Board states that nationally, the foreclosure rate during the January-August period amounted to but 3.3 per 1,000 dwellings—all of the 12 Federal Home Loan Bank districts sharing in the general rate of decrease, which by percentage amounted to a 19.9 decline in the number of urban properties foreclosed during the same period of 1940.

ing of taxes for specific purposes. Necessity may force us to place all tax revenues in one fund instead of ten, twenty or fifty, and apportion it among the various needs without respect to its type or source."

# LEGAL ODDITIES

## BOND PLUS LIFE INSURANCE

The directors of an Arkansas School District were in session assembled to discuss a forthcoming \$36,000 bond issue.

"I don't suppose Wall Street possibly'll be interested, but it's important enough to us. Our big problem is to make the bonds safe enough to appeal to investors, and to provide for their retirement when the inevitable due date arrives," the Chairman stated.

At this stage of the proceedings the "big idea" blossomed in the mind of the resourceful director.

"Why can't we pick out 18 young and healthy boys in the district, and insure their lives for \$2,000 each, with the insurance payable to the district?" the bright director suggested. "The district can pay the premiums, and I'll bet United States Steel or General Motors never thought of a cheaper sinking fund."

"Move the proposal be carried out."

"Second the motion."

"Carried," the Chairman announced; the hustling local life insurance agent promptly placed the insurance; the school directors gave their note for the first premium; the agent discounted the note at the local bank, remitted the proceeds to the Insurance Company, and the 18 policies were delivered to the District. When the note fell due, however, the directors were not so enthusiastic and refused to pay; the bank sued, and the directors set up the defence that the policies were null and void on the ground that the School District had no "insurable interest" in the lives of the 18 young men.

"The policies are contrary to public policy, and are, consequently, null and void," the Arkansas Supreme Court ruled.

"But, as far as the directors' note is concerned, we took it the very day it was signed, in good faith and for value, we're holders in due course, and, therefore, entitled to collect the note," the bank argued, and the Arkansas Supreme Court upheld this contention.

"Well, the Court has ruled that we're bound to pay a premium note on life insurance policies that the same Court has said are utterly worthless if the 18 boys all died today," the directors declared to each other.

"Probably the brilliant director who suggested the idea in the first place may be able to enlighten our darkness," the Chairman suggested.

"We're in for paying the bank, in any case, and that entitles us to sue the insurance company to recover the money that went to them. They can't possibly keep our money to pay for policies that the Court says are null and void," the brilliant director suggested.

"What we have we hold. There was no misrepresentation on our part—you originated the unlawful idea—and if you paid us money to carry out the scheme the law will give you no assistance in getting it back," the insurance company argued.

And the Arkansas Supreme Court ruled that this point was well taken.

"Accepting the view of the law that the Court should not lend their aid to any party to a contract which is void as against public policy, either by enforcing its provisions, on the one hand, or by permitting the recovery of money paid in performance of its conditions, on the other, we must hold that this suit cannot be maintained," was the reasoning of the Court.