

FINANCIAL CHRONICLE

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On The Foreign Front

European Stock Markets

Cheerful sessions were the rule on the London stock market this week, for the unfavorable war news from some fronts evidently was more than offset, in British opinion, by favorable developments elsewhere. The Libyan campaign and the arrival of Prime Minister Churchill in Washington were especially heartening to London. A rally developed which extended to virtually all groups of issues and tended to offset losses established late last week.

The British market was far from a one-way affair, when considered over the period of a week. The Hong Kong and Malayan situations were regarded as far from comfortable, and produced serious set-backs in securities during the latter half of last week. A general hardening tendency developed in the pre-holiday trading, however, on soothing reports of the Washington conversations, and brilliant successes in Libya.

Delayed reports of French securities markets indicate an almost complete cessation of speculation, and ever sterner regulation of prices and trading. Heavier taxes, when combined with the trading restrictions, are almost strangling the markets. Demand for securities far outweighs supply, obviously because of the flight from currency, and only a

single share sometimes is assigned to a purchaser on a large buying order. There are no reports currently available regarding trends in Axis country markets or in those of the occupied countries.

Planning And Strategy

Immediately upon the projection of the United States into the World War it was evident that over-all planning and a strategy commensurate with the scope of the conflict would have to be worked out by the leaders of the United States and the Allied Nations. A long step toward that end was taken, Monday, when Prime Minister Winston Churchill arrived in Washington, for White House conferences with President Roosevelt. A statement issued when Mr. Churchill arrived by airplane indicated that spokesmen of the Russian, Chinese, Nether-

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FROM WASHINGTON AHEAD OF THE NEWS

The ordinary fevered minds of men of any importance become ten times more fevered in war time. There is very little of any such thing as real knowledge. The reporter who wants to stick to facts is in an impossible position. No one person knows what is actually happening, not even the generals or admirals in command, or those of the supreme councils over them. One of the most unreliable phases of such times are those engaged in espionage and counter espionage. These people are by nature intriguers and when engaged in the excitement of war it is never known whether they are honest or dishonest or reliable and as a result there is a protective espionage against the very men engaged in espionage, and no certainty that the former are reporting the truth, whether their shortcoming be lack of ability or downright dishonesty.

The point is that in war time everything becomes turmoil. The actual truth is nowhere to be definitely found. Just as any two people witnessing an accident will give two honestly different accounts, so will the generals in actual command of an engagement be confused as to what really happened. Men engaged in

war are not calm, meditative or deliberate men who can carry a subject through to rationalization. In later years the people or rather the students, learn what very likely happened by studying the writings of the various men engaged.

In the meantime, probably the greatest abuse of wartime governments is that of censorship. It is used to cover up the inefficiency of the government. It has, thus far in this country, been carried to a ridiculous extreme.

A prime example is Churchill's arrival. On Monday night it was announced that he and Lord Beaverbrook were in the White House. Five hundred newspapermen, including Canadian and

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One Reader Says ...

"The Financial Chronicle has been so useful that we have had the copies bound and kept for reference."

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Construction In Chemical Industries

Contracts awarded on current construction projects in the chemical process industries total \$77,737,000, "Chemical & Metallurgical Engineering" reports in its December issue. Current proposed work totals \$141,778,000, while cumulative contracts awarded so far this year amount to \$867,813,000, adds this publication, which further states:

"In addition to large proposed projects for the War Dept., the outstanding private proposed works reported are: for the construction of a chlorine and sodium nitrate plant, a dry ice plant and ammonia and chlorine plant at Lake Charles, La., for Mathieson Alkali Works, at an estimated cost of \$6,000,000, \$250,000 and \$1,000,000, respectively; construction of a plant for charcoal distilling and acetic acid and wood alcohol by-products at Rusk, Texas, for Judge B. Perkins & Associates, at an estimated cost of \$2,500,000.

"Principal awards for private industrial construction are: Construction of a magnesium refining plant at Austin, Texas, for the Union Potash Co., at an estimated cost of \$11,747,000; construction of a catalytic cracking plant at Linden, N. J., for the Standard Oil Co. of N. J., at an estimated cost of \$4,000,000; construction of a gasoline or recycling plant at Katy, Texas, for the Humble Oil & Refining Co., at an estimated cost of \$2,600,000 and \$800,000, respectively."

THE FINANCIAL SITUATION

The first few weeks or months after a new Congress and a new President take office are often referred to as the "honeymoon" period of the new Administration. There is usually at least outward harmony among the various party elements during this interim, and matters appear to be proceeding smoothly without hard feelings or bickering. Before long, however, the new President or Congress or, usually, both, begin to think of politics, often in the meaner sense of the term. The President has debts to pay, and so does each of the newly elected Congressmen. There may not be enough patronage and the like to go around, and all manner of local and petty considerations enter the picture through the persons of representatives of small constituencies throughout the country. The period of intra-party storm and strife has arrived, and able statesmanship and strong leadership are needed to save the day.

There are indications that the defense "honeymoon period" is approaching its end—as was inevitable. For a short period after the attack at Pearl Harbor the nation, save for obvious and well-warranted dissatisfaction with what had occurred in Hawaii, outwardly at least, appeared to be united almost to a man for the effort that was (and is) plainly required to bring this war to a successful conclusion. Leaders, in the ranks of labor as well as elsewhere, crowded upon one another's heels to avow their readiness to forget all save the most vigorous preparation for and conduct of the war into which we had been plunged. The so-called isolationists had nothing to say about the circumstances which really led us into war (a subject which some day, of course, must again arise) and turned their attention to the urgent matters which now must be the concern of all. They have as yet shown no observable disposition to revert to pre-Pearl Harbor differences despite the fact that they have had provocation, but other elements with no such history of opposition to the foreign policy of

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Attention, Mr. President

The employer members of the conference accept the President's direction for peaceful settlement of disputes and the establishment of a War Labor Board.

We believe that, in determining the procedure of the board, consideration should be given to the principle we have consistently maintained—namely, that the board should not accept for arbitration or consideration the issue of the closed shop, requiring a person to become or remain a member of a labor organization if he is to get or hold a job.

We recommend that, for the duration of the war, employers shall not attempt to change the terms, in present contracts, which provide for the closed shop. Where a closed shop contract does not now exist, it may under the law be arrived at by voluntary negotiation. We endorse without reservation the right of labor to organize and bargain collectively.

But it would be a serious mistake to abandon the principle that the right to work should not be infringed by government through requirement of membership in any organization, whether union or otherwise.

The closed shop is the most highly controversial and emotional question in industrial relations today. To accept it as an issue for government arbitration would intensify agitation, increase labor disputes and divert the energy of both labor and management from the vital job, production. Unless this issue is resolved in advance, it will impair the effectiveness of the proposed War Labor Board itself. From our experience we are convinced that the continued presentation of this issue before government agencies would seriously impair the nation's productive activities.—Industrialist members of the President's Industry-Labor Conference.

These observations seem to us to speak for themselves. We commend them to the attention of the President.

1942 Cotton Allotments About Same As 1941

Preliminary State cotton acreage allotments totaling approximately 26,598,000 acres for 1942, were announced Dec. 16 by the Department of Agriculture. These allotments do not include acreage increases to be made to growers under the minimum farm allotment provisions of the Agricultural Adjustment Act. In its announcement the Department also said:

The 1942 State cotton acreage allotments are about the same as those of 1941 and will result in an allotted acreage of approximately 27,400,000, after the minimum allotment provisions have been applied.

In 1941, final allotments totaled approximately 27,400,000 acres, but only 23,250,000 acres were planted, resulting in an estimated crop of 10,976,000 bales.

The acreage allotment is part of the three-point program, which includes also marketing quotas and commodity loans. The program is designed to adjust production and marketings to meet present and future needs.

The State allotments will be used as a basis for calculating farm acreage allotments under the 1942 Agricultural Conservation Program. By complying with these allotments, farmers may earn conservation payments amounting to 1.25 cents a pound on the normal yield of the farm's allotted acreage. Parity payments also are conditioned upon compliance with the allotments.

Farm allotments also will be used in determining marketing quotas. Continuance of marketing quotas for cotton in 1942 was assured on Dec. 13, when farmers, according to incomplete returns voted by approximately 94% in favor of their retention. Quotas have been in effect since 1938.

United States Imports Of Oil From Venezuela

Preliminary reports from the collectors of customs show imports of 1,807,909,065 gallons of crude petroleum, topped crude petroleum, and fuel oil the produce or manufacture of Venezuela entered, or withdrawn from warehouse, for consumption during the period Jan. 1 to Dec. 6, 1941, inclusive, the Bureau of Customs announced on Dec. 18.

Under the terms of the President's proclamation of Dec. 28, 1940, not more than 1,913,049,600 gallons of the produce or manufacture of Venezuela may be entered or withdrawn from warehouse, for consumption at the reduced rate of import tax of 1/4 cent per gallon provided for in the trade agreement with Venezuela during the calendar year 1941. Such imports in 1941 in excess of the quota will be dutiable at the full rate of import tax of 1/2 cent per gallon.

In order to provide for the control of this quota the collectors of customs have been instructed that, effective Dec. 22, 1941, entries and withdrawals for consumption covering Venezuelan petroleum and fuel oil may be accepted at the reduced rate, provided the merchandise is not released pending determination of its quota status. If release of the merchandise is desired before determination of the rate applicable, importers will be required to deposit estimated duties at the full rate. Excessive duties deposited on such merchandise found to be within the quota will be refunded.

Editorial—

"Once Upon A Time"

Instructive legend, simply told, is appropriate to the Holiday Season. It should have more than a bare substratum of truth, not too subtly concealed. As its active principle, it should convey a moral, as insidiously effective and ultimately self-revealing as the essential medication within a candied pill. Such is the conventional intellectual fodder of the concluding week of each expiring year.

The Legend

There was a time, not so long ago that men still in the prime of middle age cannot recall some of its incidents, when the whole earth was comparatively free from war and war's alarms. In that day, throughout Europe and the Americas at least, the sight of enormous hordes of armed men, equipped with murderous mechanisms for spreading destruction and death, had become strange and unusual. When seen at all, they were more than likely to be upon pompous parades, nominally in honor of some potentate or titular national leader but really for the entertainment of the masses, or intent upon some duty appertaining to their function as super-policemen. There were localized wars. The longest and most costly was the Civil War that put an end to Negro slavery in the United States. It enormously inconvenienced the textile industries of England and France and caused immense suffering among the workers who were made idle in both those countries, but neither undertook to broaden the struggle by intervention. England, France, Italian Piedmont, and Turkey, united against Russia, in 1854 and 1855, but the conflict was localized within the Crimean Peninsula, a remote Russian province, and not a shot was heard within the boundaries of any of Russia's adversaries. Prussia and Austria fought Denmark over Schleswig-Holstein, the former ultimately seizing the usufruct, the conquered territory, but the war was little more than a dress-parade lasting only a few weeks, and no nation intervened. About as brief was the war of France and Piedmont for the exclusion of Austria and the "freedom of Italy from the Alps to the Adriatic," and even shorter the raid of Prussia into Austria which ended with Sadowa and the establishment of Prussian supremacy in Germany. Napoleon III left Paris on July 27, 1870, to take command of the French armies near the Rhine frontier, and on September 2, having lost the last battle at Sedan, his army had surrendered and he was himself a prisoner of the Prussian King. The Boer War, the war between Russia and Turkey, the numerous wars between the sundry Balkan powers; all these and other contests of the period were strictly localized. Original neutrals did not crowd themselves into these contests nor was their participation anticipated or invited by the belligerents. The struggles were unfortunate, damaging to the extent of their effectiveness, but no immeasurable injuries were wrought beyond the boundaries of the participants and recovery and restoration never seemed beyond the possibilities of human endeavor and patience.

In short, for nearly a full century, from the exile of Napoleon to St. Helena, during the early summer of 1815, to the invasion of Serbia after the murders of Sarajevo, ninety-nine years later, there was no widespread, long, or extensively devastating war involving any number of the great nations of Europe and North America, the actual leaders in what is called Western Civilization. The reign of peace throughout this period was not perfect. The wastes of an armed neutrality became increasingly evident as wealth and efficiency were increased under the favorable climate of tranquillity. Nevertheless, looking only at the broad outlines of the picture, as their period becomes remote and legendary, and contrasting it in its entirety with all that men know of the years from 1914 to these closing days of 1941, the century from Waterloo to Sarajevo must seem as one of fortunate tranquillity, the confidence and comforts of which men everywhere would vastly like to be able to regain and to retain. Surely, there were during that long era no pervasive conditions that should have led thoughtful men in Europe and America to smile wryly at the sound of the words "Peace on Earth, Good Will to Men" and to see in all their environment only a parody, perhaps the invention of some thrice envenomed cynic, of that noble phrase.

Progress During The Century Of Peace

Organized mass murdering, unrestrained slaughter by armed bands, wide and planned destruction of the capital and tools men live by, were not the outstanding characteristics of the years from 1815 through the first half of 1914. When men look back at that century they see, first of all, material progress, amazing in its extent and abundantly fruitful in its splendid consequences. Everything that men

Editorial—

Capital Issues Controls

Closer official controls on the capital issues market in the United States are under consideration in Washington, and to a certain degree such augmented regulation would appear to be almost inevitable. To any close student of the money market it is plain, however, that the existing mechanism is more than adequate to prevent any needless diversion of funds.

The only real danger here is that the war emergency will be utilized by the ardent New Dealers as a club to batter the capital issues market ever more out of shape. Requests for special grants of powers, which already are foreshadowed, must be examined with the utmost care, to assure reason rather than panic in our wartime economy. The adequate controls of 1918 already are surpassed by the regulatory potentialities of enactments since 1933. Whatever is added henceforth may be for purposes other than simple wartime integration of the capital market.

Problems now to be solved in the money market parallel in outline those of our progressive participation in the first World War. In 1918, however, there was no such super-abundance of available funds as exists today. The question now is less one of the supply of funds than of availability of materials to be fashioned into new plants, highways and other projects.

In the earlier emergency, it will be recalled, the principal financial groups acted vigorously to curtail non-essential financing. Through the Investment Bankers Association the representative underwriters agreed to refrain from floating unapproved issues. The New York Stock Exchange denied listed facilities to such issues. State authorities cooperated, and Federal Departments which controlled the allocations of materials acted in a similar spirit.

All this eased the task of the Capital Issues Committee which functioned informally, at first, and later under due Congressional authorization, during the first World War. Less than one-fourth of some \$4,250,000,000 of capital issue applications had to be disapproved in the period of greatest control during 1918. Refundings were permitted steadily and regularly, and plainly should be continued in our present situation.

Our leading financial authorities already have given much thought to the procedure that might prove advisable today. They hold, in the main, that various existing agencies are more than adequate for sluicing capital funds into war channels, to whatever degree this may be necessary. The vastly overshadowing operations of the Federal Government itself, as built up since 1933, indicate that further control requirements are exceedingly modest.

The Securities and Exchange Commission, which already examines new issue proposals with a view to supply of needed materials, doubtless will augment that part of its regulatory endeavors. The Supply Priorities and Allocations Board is an element in the scheme, at least in a consultative capacity. The collaboration of such agencies, when added to other circumstances, would seem to answer almost all questions that might arise.

Lack of Securities and Exchange Commission regulation of State and municipal issues might seem, at first glance, to leave a loophole. Actually, the officials of many State and local communities already are finding new money financing useless, owing to inadequate materials supplies. In New York City, for instance, the capital budget has been cut to a mere shadow of its former self, because lend-lease aid to the Allies has absorbed materials on a vast scale for months past.

There is some danger that the Securities and Exchange Commission, which was frustrated several years ago in its endeavor to bring State and city financing under its control, may attempt to use the present emergency toward that end. The Conference on State Defense doubtless is well aware of this danger. Since virtually all States now are represented in that Conference, general arrangements easily could be made through it to avoid non-essential drafts on the capital market for the period of the war.

achieved and accumulated, excluding from the comparison the works of Shakespeare and a few other immortals, and perhaps a few cathedrals planned by inspired architects and built by over-worked and poverty-stricken peasants, during the whole one thousand years from the crowning of Charlemagne to the adoption of the Constitution of the United States and the commencement of the Nineteenth Century, seems insignificant when contrasted with the progress of that fecund century. Peace came, peace imperfect but effective, and an earth and its population, which had been relatively sterile and without much prog-

ress, suddenly flowered and began to produce in abundance the things that maintain humanity in rising comfort, with gradual additions of things contributing to the spirit and to the understanding. Steam and electricity became the motor forces of production. Tools and machines were devised and multiplied in number and efficiency, relieving labor of many of the severities of toil, shortening the hours of necessary effort in obtaining means of subsistence, and so profoundly augmenting individual productivity that at the close of the period the poorest could enjoy comforts and luxuries unknown to princes at its beginning. Means of transportation and communication had corresponding development. Knowledge increased and the means of its preservation and diffusion. Philanthropy acquired enlarged vision and with augmented resources broadened greatly the fields of its activities and strengthened its practical efficacy. Education, no longer the special perquisite of a few, was opened to great masses and strengthened in quality. There were vast imperfections in the social organization, there were residual defects and vestigial injustices that called loudly for correction and the remedies for which wise and public-spirited men were persistently searching. On the whole, however, if one could shut his eyes to the increasing naval and military armaments, that seemed to clamor to be used, the balance of the picture appeared to be wholesome and hopeful. Mankind seemed to be moving onward and upward at a visibly accelerating pace.

The Large Measure Of Freedom

At the tragic hour of Sarajevo, man, at least throughout Europe and North America, seemed almost to have achieved freedom. Everywhere in these regions, he possessed many more than the "four freedoms" which appear to be all that Franklin D. Roosevelt regards as primary and essential. The freedoms of the press and of religious observance of course were his. If, anywhere in North America, he feared poverty or oppression, it was because he doubted his own capacity or perseverance. Opportunity was always his and he knew it. He knew that it had no boundaries except his abilities and determination, and there were all around him living examples of what able men could achieve from beginnings the most humble and apparently most restrictive. He could be forced to no conformity, even outward, in thought or opinion; he could not be regimented as to his vocations or avocations. He could work where he pleased, for whom he pleased, during such hours and under such conditions as he chose to accept, he could bargain freely on his own account and accept or refuse the wages offered in any employment. He could travel and trade wherever he pleased. He could go anywhere in the Americas or in most of Europe whenever he desired, without passport or permission, stay as long as he wished, sell anything he owned and could deliver, and buy anything he wished to own and could pay for. Anywhere in the United States, his buying or selling was without tariff or quota limitations; if he bought abroad he might be required to pay customs duties at the international boundary of his own country or any other country to which he shipped his purchases. Moreover, his American dollars, always exchangeable for gold coin or bullion at the fixed valuation of 25.8 troy grains, was an admitted medium of exchange anywhere he went, without discount or diminution. And there was no statute under which his sons could be conscripted for involuntary servitude in any army or sent anywhere to fight or even to labor under compulsion, except as punishment for crime. By what inducements, real or imaginary, could any section of humanity which had been led to "this fair mountain leave to go and batten on that moor"?

As 1942 Must Begin

The contrasting conditions at this moment existing do not require description or admeasurement. They are but too well known and weigh but too heavily upon the entire citizenship. To perceive that they had become inevitable and unavoidable subtracts nothing from the violence and magnitude of the alteration in conditions of life here and elsewhere. Men may, perhaps they must, differ as to the policies that plunged a nation over-burdened with public debt and taxation into warfare upon both its Atlantic and its Pacific fronts, but they cannot differ, while they remain sane, as to the urgency of hereafter restoring world conditions no less peaceful and salutary, at their worst, than those of the progressive century from 1815 to 1914. Civilization has already surrendered, let it be hoped but temporarily, many important freedoms which that century had gained and which ought to have been preserved and perfected for posterity. Many among the youth of this generation and very much of its possessions may necessarily be given to destruction, but however the struggle may wax or wane, humanity everywhere will do well to envisage the benefits of past days of peaceful progress and prosperity. For from

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the Administration, some indeed with a long record of ardent vocal support of this policy, are plainly in danger of placing themselves, if in fact they have not already placed themselves, in less favorable light.

Now For Real Leadership!

The time has obviously come for real statesmanship in Washington. If the Administration presently begins to exhibit this quality in abundance, doubtless the situation which seems to be developing may be, probably will be, quickly halted and corrected. Otherwise it is to be feared that our war effort will deeply disappoint many of the enthusiasts of a fortnight ago. Trouble that has long been brewing among the welders of the country (a branch whose importance to defense production can scarcely be exaggerated) is evidently still smoldering dangerously. The controversy is currently labeled a "jurisdictional dispute," which it doubtless technically is, but it likewise grows directly out of the labor policy of the Administration, particularly its Laodicean attitude (to say the least) concerning the closed shop demanded with ever-increasing insistence by the unions. It is this same closed shop issue which brought the President's industry-labor conference to a standstill. It is an issue that will continue to plague our defense effort as long as the Administration either desires to promote the closed shop or is wholly unwilling to do anything effective to prevent the unions from taking advantage of the present situation to promote it. The President apparently saw no objection to the policy of the unions in this respect until Mr. Lewis for a brief period became its chief exponent, and then, after what was all too naively denominated "some plain talk" on the subject, finally weakly surrendered to Mr. Lewis.

Labor leaders obviously have no present intention of yielding the current "opportunity" to push the closed shop principle to the limit, whatever may be their protestations of patriotism and the like. Moreover, closed shop conditions where they have already been imposed are giving rise to serious difficulties in a number of instances, including, but not exclusively, so-called jurisdictional disputes, throughout the country. The responsibility evidently rests directly and of necessity upon the President himself. He must throw political considerations to the winds, and take a bold stand on the question, demanding, as did the Wilson Administration in the first World War, that such matters as these remain in statu quo for the duration of the war, and finding and proclaiming some formula with which to deal with situations created by past concessions. He must, moreover, be ready to place the full force of his office, and the full power of his influence behind his proposals. He, and only he, can effectively meet and correct this state of affairs.

The alternatives are plain, inevitable and unpleasant. With no such effective action from the President himself we are in danger of finding ourselves involved in one dispute after another which can be brought to an end only by "patriotic" surrender of industrialists to a vicious system imposed unfairly in an extreme emergency, or unfortunate seizure by government of plant after plant, following which the closed shop, or something very near it, will be conceded. As a matter of fact even these drastic steps may well fail of complete removal of serious difficulty, since jurisdictional disputes over which management has no control and which are not eliminated by government seizure might well continue to be a thorn in the flesh of all real patriots. It is all very well to say that "public opinion" will deal with this situation effectively. It probably would—but only if it has forceful leadership from Washington, and legislation on the subject would be very likely to fail of its objective unless that same public opinion, strongly led, amply supports it. The problem is per se the President's, and he must deal with it vigorously without delay if the "honeymoon period" in our defense program is not to give way quickly to an era which neither suggests such a designation nor even nearly satisfies the demands of the country for effective military action.

The President in his summary, not to say peremptory, action in bringing to a conclusion his industry-labor conference has plainly again evaded this question of the closed shop. He has either in unstatesmanlike manner deferred the evil day when he must take some position in the matter,

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what mankind once achieved in comfort and freedom and is presently in process of losing for a while, all may endeavor to comprehend what he is capable of re-creating and restoring. It is likely to appear more valuable and more nearly satisfying as for the time being it vanishes beyond sight and contact.

FHLBB Says Mortgage Structure Is Safe

Although this country's outstanding debt on one to four-family non-farm houses is approaching \$20,000,000,000, the highest figure since 1932, the mortgage structure is on a safer basis than in any period in its history, according to the Federal Home Loan Bank Board's forthcoming report to Congress for the fiscal year 1941.

"More important than the absolute volume of debt outstanding at any time is the relative soundness of debt structure," the report says. "A volume of debt only half the size of that now outstanding, incurred without proper attention to property and credit risks, might well prove many times more hazardous than a debt half again the size of that now existing but incurred only after careful examination and selection of risk." The Board's report further said:

The debt structure of the Twenties was basically unsound in many respects as depression experience only too clearly emphasized. During the period of boom conditions after the last war, real estate was often overpriced, there was widespread and unsound speculation, inadequate attention was given to property appraisal and credit examination, and financing costs and loan terms were in many cases exorbitant and ill-suited to the needs of borrowers. Many institutions over-extended themselves or found themselves in such a position because of the lack of any reserve credit facilities.

Many of these defects have largely been eliminated and progress is steadily being made toward further improvement. Appraisals are made on a more careful scientific basis and the importance of credit analysis is more generally recognized. Long-term amortized loans with low down payments make expensive junior financing less necessary. Thrift and home-financing institutions are bulwarked by a reserve credit system—the 12 Federal Home Loan Banks—on which they can rely to avoid the credit shortages which formerly threw operations completely out of gear.

Treasury To Offer \$25

Series F Defense Bonds

Secretary of the Treasury Morgenthau announced on Dec. 18 that on and after Jan. 1, 1942, the additional denomination of \$25 (maturity value) of United States Savings Bonds of Defense Series F will be provided, the issue price of which will be \$18.50. In explanation, Secretary Morgenthau said that as the sale of Defense Savings Bonds of Series E was restricted to individuals, many small associations found it difficult or impossible to participate in the Defense Savings program, as the smallest denomination of bond available for issue to them was the \$100 denomination of Defense Series F. With the addition of this denomination, the participation of these small associations is assured, said the Treasury announcement, which added:

Bonds of Defense Series F are 12-year bonds, issued on a discount basis, the issue price being 74% of their maturity value. If held to maturity the investment yield is 2.53% compounded semi-annually. These bonds are redeemable before maturity, at the option of the owners, at fixed redemption values. Bonds of Defense Series F are issued only by the Federal Reserve Banks and the Treasury Department, but commercial banks generally will handle applications.

A description of the Series F bonds appeared in our issue of April 26, 1941, page 2627.

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or else has again weakly yielded to organized labor. Events will probably without delay disclose the nature of his action. He can appoint a War Labor Board which will almost as a matter of course concede labor's demand—selected, as upon occasion in the past, probably with precisely this expectation—or he may (and it is most devoutly to be hoped) appoint a Board of real strength and independence of mind—and support it to the limit. But whatever he may do in the future, he, as matters now stand, is on record as again “wincing and relenting and refraining” when labor labor resistance is encountered. It may be possible to conduct the production phases of our defense effort successfully by taking advantage of the patriotism of management and the awkwardness of the position of business in “balking” at anything in times like these, but this would certainly not be an ideal foundation upon which to build. It is, moreover, still uncertain in what degree the conferees assembled by the President in this matter can effectively speak either for industry or labor. Forceful leadership, not quibbling and evasion, is sorely needed in Washington at once.

Production Management

But much more is required of leadership in the existing circumstances. The defense production effort from the outset has been poorly managed at the top. Of this fact the country quite generally is well convinced. It has long wished to see the machinery of over-all management extensively changed, refurbished and placed in competent hands, with a much greater concentration of responsibility in men whose experience and records furnish evidence of their fitness and whose past would completely remove any suspicion of determination to intermingle defense and reform. The incidents at Pearl Harbor greatly increased this desire on the part of all thoughtful men and whetted their hopes that something of the sort would be promptly done. Weeks have now elapsed, and to the date of this writing the President has done virtually nothing to meet this situation. To be sure, some changes have taken place, but they have scarcely helped matters. At any rate they do not even begin to scratch the surface of requirements. Nor are there clear indications of intention to take the necessary steps.

For some time past there have been recurrent reports, one might almost say a continuous stream of reports, of plans to reorganize defense production management drastically. If may be, of course, that the President is having trouble in selecting precisely the right man or men for the tasks in hand. Certainly it would be no easy choice. Let us hope that such is the explanation of the continued delay, but candor compels the observation that coupled with virtually all the rumors and reports of such plans have been the names of individuals who could never command the confidence of those elements in the community which must in any event bear the burden of actual production. For the most part they are members of the same old group of politicians, semi-politicians or professional New Dealers. As far as the public is able to ascertain, moreover, these same men are still the closest advisers of the President—even if changes occur in the relative standing of individuals with the Administration. It is scarcely surprising that the Washington scene at a time like this should be one of considerable confusion. It is, moreover, difficult for the public to gain an accurate appraisal of what is taking place. Despite all this, however, the thoughtful citizen, must be excused if he harbors grave doubts as to whether all is well with the production side of the defense program.

We Must Produce!

And all must be as well as possible with defense production, and it must be clear that such is the case. Failure to produce armament in maximum amounts could not fail to lengthen the war, and even might lose it. Continued doubts on that score, certainly if they are warranted, would greatly aggravate the problems surrounding production. The President apparently has not hesitated to deal vigorously with military dereliction or incompetence. On the contrary, he seems to have acted with dispatch and, so far as can be judged, with good sense. He should act with similar strength on other fronts. It is, of course, true that action elsewhere may involve what might in ordinary times be regarded as political hazards, but such considerations have no place in sound leadership at such a time as this. Indeed, to be perfectly candid, the greatest anxiety in many quarters concerns precisely whether the President, long and continuously a politician par excellence, will be able to bring himself really to dismiss political considerations from his mind in dealing with vital defense matters.

Such is the nature of the problems by which we are faced now that the “honeymoon period” of our defense

The State Of Trade

Business activity rose fractionally during the week. Electric output was reported at a new all-time high and steel operations held steady despite the scrap shortage. There was another sharp curtailment in automobile production, as reported by Ward's. The figure for the week was placed at 65,875 cars and trucks, against 95,990 a week ago. Rationing is the immediate worry of business, and with the turn of the year, the public and business leaders look for severe governmental curtailments in tires, radios, textiles and gasoline. In fact food, with the exception of fats and oils, appears now to be the only major classification in consumer goods which will escape.

After a few days' slump due to the sudden shock resulting from America's involvement in the war, retail business regained its momentum, and since Friday a week ago has spurred ahead of all previous records for the Christmas period, according to Dun & Bradstreet, Inc. The average increase in retail dollar volume over 1940 was from 6 to 12%, with the East and West Coasts falling below the average and the interior rising above it.

Steel production in the United States during Christmas week will be at 93.4% of capacity, a new all time high for the period and reflecting only a meager curtailment, the American Iron and Steel Institute reported yesterday. The week's output level compares with 97.9% last week, a reduction of 4.5%.

In the like week for recent years, operations were reduced approximately four times as much as this year. A month ago the rate was 95.9% and a year ago 80.8%.

Scoring a new high record, electrical energy distributed by the electric light and power industry during the week ended Dec. 13, the first week of war for the United States, amounted to 3,431,328,000 kilowatt hours, the Edison Electric Institute reported. This was an increase of 1.8% over the previous week, which had registered the highest production figure for the industry up to that time. The improvement over the corresponding period last year amounted to 14.2%.

Freight carloadings declined to an extent which exceeded the usual seasonal trend, according to the report for the week ended Dec. 13, issued by the Association of American Railroads. A total of 807,225 cars of revenue freight

were loaded by the railroads, representing a decrease of 26,150 cars, or 3.1% from the previous weekly total.

Engineering construction awards for the week, \$66,966,000, are 13% higher than a week ago, but are 49% lower than in the corresponding 1940 week as reported by “Engineering News-Record.”

The increased volume of public buildings brings public construction to a level 88% above a week ago and is responsible for the gain over the preceding week. Public awards, however, are 34% lower than a year ago. Private construction is off sharply, 77% under last week, and 84% lower than last year.

Reports from Washington indicate that labor has made a number of concessions in the current conference with industry which are aimed at heading off restrictive legislation. It is anticipated that a War Labor Board and agreement to arbitrate disputes will result from the conference. It is pointed out, however, that the chief obstacle to an agreement is the deep difference over the union shop. Labor representatives contend that the union shop issues, like other issues in dispute, are suitable questions for arbitration.

A general labor shortage is in prospect, if not immediately imminent according to revised estimates of the total labor force and unemployment released yesterday by the division of Industrial Economics of the Conference Board. Unemployment in October is placed at 1,700,000. In September the number without jobs had fallen almost to 500,000. The increase in October resulted primarily from a normal seasonal decline in agricultural employment. At the beginning of 1941 there were about 8,000,000 persons unemployed. The slack in the labor market was so quickly taken up by industrial and military expansion, however, that by May the number without jobs had been reduced to 2,500,000.

Treasury's Defense Savings Program Aims To Reach 35,000,000 Income Recipients

The goal of the Treasury in its intensified Defense Savings Program is to reach quickly the 35,000,000 recipients of current income and to have them set aside regularly some part of their pay to buy Defense Savings Bonds and Stamps, Secretary of the Treasury Morgenthau declared on Dec. 17. Addressing a meeting of Defense Savings Administrators and Chairmen from all States, gathered at Chicago, the Secretary explained

that the purpose of the program was not only to raise funds to finance the expanding costs of the war but to protect the country from the dangerous evils of inflation. Mr. Morgenthau disclosed that about Jan. 10 a Nation-wide canvass of homes, offices and factories will get under way to obtain pledges to buy defense bonds with income not needed for the bare essentials of life. In addition to the canvass, the Nation's employers will be urged to adopt a pay-roll allotment plan in which the workers will authorize regular deductions for investment in the bonds.

Declaring that the job is to fight inflation as well as to gather funds, the Secretary further said:

For that reason, it seems to me, our major effort now must be directed particularly at

those in all walks of life who receive regular pay from wages and salaries. Inflation feeds on current income, rather than on the money that now rests in the vaults of savings banks. It may seem heartless to speak of excess spending on the part of millions of people in the middle and low income groups; but, in wartime, in the face of a limited and dwindling supply of civilian goods, there is such a thing. In wartime, excess spending means the buying of any commodity that we can safely do without. Therefore, the most effective course for us, as we have known from the very beginning, has been to enlist current income and to divert excess spending, to persuade our people to set aside a part of their pay every pay day

program is about to come to a close. Our success from this point forward will depend in large measure upon the vigor, courage and good sense applied to them, largely in Washington.

in defense bonds and stamps.

Let's now make every pay day Bond Day. And when I speak of regular investment every pay day I am speaking not only of the millions of factory workers, not only of the teachers and accountants, the clerks and civic employes who live on regular salaries, but also of the farmers who are earning solid incomes for the first time in many years and who will be the first to suffer if we allow inflation to get out of hand.

All these are the people we must reach, with a determined effort that will have an impact in Berlin and Rome and Tokyo, an effort that will give new heart and courage to the free peoples who are fighting on our side everywhere.

I have been asked many times whether we have a goal, a quota for the United States. I have always avoided answering with a money figure, because I have been much more interested, firstly, in reaching vast numbers of individuals, and, secondly, in absorbing current income rather than accumulated savings in the banks. But I will tell you now what my goal is, what our goal shall be and must be. It is to reach quickly, within the next few months, every single recipient of regular current income in the United States, and to have every one of these 35,000,000 people setting aside some part of their pay regularly within the shortest possible time. And when I say “some part of their pay,” I am not thinking merely of a token contribution. I mean a real investment, the very limit that each person can afford without actually taking food and other necessities from himself and his family.

Harold N. Graves, Assistant to Secretary Morgenthau, also discussed plans for the more intensive promotion of the sale of defense bonds and stamps at the opening of the Chicago conference on Dec. 16, held at the Federal Reserve Bank Building.

Cuban Tax Schedule For Amortization Of Export-Import Loan

Service and amortization of the recent Export-Import Bank loan of \$25,000,000 to the Republic of Cuba have been provided for by specific taxes set up by the Cuban Congress, the U. S. Department of Commerce reports. These taxes are as follows:

(1) A one-fourth of 1% gross sales tax; (2) taxes totaling 16 cents per 325-pound bag of raw sugar produced (these taxes are now in effect but proceeds are used for other purposes); (3) 50% of the receipts of certain Government-owned water-works; and (4) income from tariffs or assessments to be collected from persons who use, or derive benefit from, public works executed under the law. The Department's advices also said:

In order to provide revenues to offset the loss of income from the sugar taxes assigned to payment of the loan, a 20% surcharge is established on certain profits taxes and a 10% surcharge is established on the stamp tax. It is further provided that 5% of all customs revenues be used for the service and amortization of the loan, if it should be found necessary to use the revenue for loan service purposes. Increased domestic postage and telegraphic rates now in effect and provided for in a previous loan law, which is repealed by the present law, will remain in force.

The loan was granted to Cuba in May, 1941; this was reported in these columns of May 10, page 2947.

Items About Banks, Trust Companies

E. Chester Gersten, President of The Public National Bank & Trust Co. of New York, announced on Dec. 18 that the Board of Directors appointed Edward H. Dunkelmann an Assistant Cashier at the Midtown Office, 39th Street and 7th Avenue. Mr. Dunkelmann was formerly Chief Clerk at that office.

The momentous and determined words in President Roosevelt's War Declaration Speech of Dec. 8, have been singled out by the Bank as an inspiring patriotic theme for the Bank's current advertising.

This advertising now appearing in many city dailies, begins with the historic last sentence of the declaration speech:

"With confidence in our armed forces—with the unbounding determination of our people—we will gain the inevitable triumph—so help us God. . . ."—Franklin D. Roosevelt.
Dec. 8, 1941.

The quotation part of the advertisements is set up to simulate an inscription on a bronze plate.

The copy below reads: "Every man, woman and child can invest in victory. Back our defending forces with dollars. Buy United States Defense Bonds and Savings Stamps. The complete facilities of this Bank are at your service for this purpose." A further paragraph offers free copies of the President's words, suitable for framing upon application to any office of the Public National Bank and Trust Company. The wall motto thus referred to is on heavy antique paper, printed in red, white and blue effect. It is approximately 16 by 21 inches. The Bank reports requests for it are coming in rapidly by mail, telephone and personal calls at the Bank's 30 offices throughout Greater New York.

The National City Bank of New York announced on Dec. 23 the election of three new Vice-Presidents, Wilbert Ward, Alan H. Temple and Delmont K. Pfeffer. The appointment was also announced of Ralph W. Dey as an Assistant Cashier. Mr. Ward, who has been an Assistant Vice-President, became associated with the bank in 1917, as head of the export commercial department. He is Chairman of the Bankers Foreign Exchange subcommittee. Mr. Temple has served as the bank's statistician for several years. He joined the institution in 1931. Mr. Pfeffer became affiliated with the bank in 1934, and had been manager of the municipal bond department. He was President of the Municipal Bond Club of New York during the past year.

Three new Vice - Presidents were elected to the staff of the New York Trust Co. of New York on Dec. 23, viz: Raymond G. Forbes, who will continue as Treasurer; Manice deForest Lockwood, Jr., Secretary since 1930, and Herbert J. Stroh, formerly Assistant Treasurer. Mr. Forbes, Treasurer of the institution since 1930, joined the bank in 1921 at the time of its merger with Liberty National Bank. Mr. Lockwood has been with New York Trust since 1920. Mr. Stroh, identified with the banking business for thirty years, has been associated with New York Trust since 1919.

In addition to the announcement of the new Vice-Presidents, the President of the New York Trust, John E. Bierworth, also announced the promotion of nine other officers. Clinton D. MacConnell, formerly Assistant Secretary, was made Assistant Vice-President. Joseph A. O'Connor, formerly Assistant Trust Officer, becomes Trust Officer. Mr. Mac-

Connell has been with the bank since 1909 and Mr. O'Connor since 1915. Harry F. Littlejohn, who has been in the bank's service since 1936, was appointed Secretary. He formerly held the post of Deputy Controller of the New York Life Insurance Co. John T. Degnan, John B. Stalford and James M. Doubleday were appointed Assistant Treasurers of the New York Trust. Herbert J. Gertscher, Jr., was appointed an Assistant Secretary and Bernard deHosson and Marion B. Sessions were named Assistant Trust Officers.

At the regular meeting of the Board of Directors of The National City Bank of New York held Dec. 9, Frederick A. Magrath was appointed Assistant Vice-President. Mr. Magrath will continue to be associated with the officers handling the bank's affairs in the Metropolitan area. He was formerly an Assistant Cashier.

Three official promotions were announced by City Bank Farmers Trust Co., New York City, following the meeting of the Board of Directors Dec. 2. Arthur K. Davis, formerly an Assistant Trust Officer, was appointed a Trust Officer; G. Warfield Hobbs, 3rd, formerly an Assistant Secretary, was appointed Assistant Vice-President and Fred W. Ohmes was appointed Assistant Secretary. Mr. Davis joined the Trust Company in 1910 and has been an Assistant Trust Officer since 1928. Mr. Hobbs, a graduate of Johns Hopkins University, started with the National City organization in 1928 and was made an Assistant Secretary in 1938. Mr. Ohmes, a graduate of Fordham Law School and Brooklyn Law School has been with City Bank Farmers since 1930 and is a tax specialist.

Eugene W. Stetson, President of the Guaranty Trust Co. of New York, announced Dec. 2 that Merrel P. Callaway will retire as Vice-President and head of the company's Fiduciary Department, effective Jan. 1, 1942. Mr. Callaway, who has been associated with the Guaranty since 1919, will continue in the service of the company as Chairman of the Trust Investment Committee of the Board of Directors, and in a general advisory capacity to the bank.

The designation of A. Nye Van Vleck, Vice-President, as head of the Fiduciary Department to succeed Mr. Callaway, was announced at the same time. The announcement added:

Mr. Callaway is widely known in the fiduciary field, and has long been active in trust organizations aside from his duties with his own institution. He served as Vice-President of the Trust Division of the American Bankers Association in 1934-5, and as its President in 1935-6. He was one of the organizers of the Corporate Fiduciaries Association of New York City, and served as its Vice-President in 1923 and President in 1924 and 1925.

Mr. Van Vleck has been associated with the Guaranty Trust Co. in fiduciary work since 1919. He became assistant trust officer in 1923, personal trust officer in 1927, and was appointed a Vice-President in 1936.

The Manufacturers Trust Co., New York City, was recently authorized by the State Banking Department to open a branch office at 741 Fifth Avenue.

The annual dinner of the Twenty-Five Year Club of the Manufacturers Trust Co., New York, comprising officers and employees who have been with

the bank 25 years or longer, was held at the Hotel New Yorker on Dec. 10 and was attended by 150 members and their wives, including 24 new members who were inducted on this occasion. The principal speaker was Harvey D. Gibson, President of the bank, who was elected to honorary membership and presented with a beautifully engrossed memorial and emblem of membership. Other speakers were Henry C. Von Elm, Vice-Chairman of the Board; Charles H. Stone, Assistant Vice-President and outgoing President of the Twenty-Five Year Club; Charles Froeb, Chairman of the Lincoln Savings Bank, who has served as a Director of Manufacturers Trust Co. since 1902, and Harold C. Richard, also a Director.

New officers of the Twenty-Five Year Club elected for the coming year were Richard N. Cotter, Honorary President, who has been with the bank 61 years; Chris J. Ochs, President; Edward J. Gresser, Vice-President; William Haas, Secretary-Treasurer.

Central Hanover Bank & Trust Co., New York, announced on Dec. 10 the appointment of the following new officers: Thaddeus C. Cox, Assistant Treasurer; Gould Jennings and David M. Proudfoot, Assistant Secretaries; Edward S. Brown, assistant manager of the Credit Department.

The Board of Directors of the Chemical Bank & Trust Co., New York City, on Dec. 11 approved the payment of a bonus on annual salaries to all officers and employees, amounting to 5% on the first \$5,000, with an additional 3½% on the next \$5,000, and an additional 2% on all salaries above \$10,000. This payment will also be made to officers and employees in military service. The Chemical Bank has paid a Christmas bonus continuously each year, with one exception, since 1870.

At the same meeting, George I. King was appointed Manager of the 320 Broadway branch office, and William C. McAdam was appointed Manager of the Fifth Avenue and 29th Street branch office.

Harry E. Ward, President of Irving Trust Company, of New York, in a letter mailed to its stockholders on Dec. 17, emphasized the special importance of two questions upon which shareholders will be asked to vote at their annual meeting, Jan. 21, 1942. The announcement states:

One is a new retirement plan in which more than 90% of the Irving's organization have already expressed their desire to participate. For many years the bank has made pension arrangements, entirely at its own expense, for members of its staff who have rendered long and faithful service. Now it is proposed to replace that informal practice with the new annuity plan which is based upon a group contract with The Equitable Life Assurance Society of the United States, effective from Jan. 1, 1942, provided the stockholders approve the plan which the Board of Directors has recommended.

Under this plan, the entire cost of retirement income on account of service before Jan. 1, 1942, would be paid by the company. The estimated total gross cost for past service is \$2,900,000 but the probable net cost, giving effect to tax savings and other factors, would more nearly approximate \$1,500,000. This cost would be paid over a period of years and all amounts required in 1942 would be provided from reserves previously accumulated.

The cost on account of service after Jan. 1, 1942, would be borne one-half by the company and one-half by the employees. This arrangement would re-

quire an outlay by the company estimated at \$125,000 for 1942. Two provisions of the plan are said to be somewhat unusual. As to this, the institution's announcement stated:

Any employee who leaves the company after keeping up his or her payments for 10 years may leave the money with the insurance company and be guaranteed a life income from age 65 based not only on these payments but also on the company's payments as well for that person's entire time in its service. Anyone leaving the company after making regular payments for five years may leave the money with the insurance company and receive annuities from age 65 based on what the company and the employee have paid in during the five years.

Sixty-five would be the normal retirement age for everyone in the Irving's employ. Under certain circumstances retirements may take place at earlier ages with life incomes in lesser amounts or an option may be taken to provide for income to a survivor of a retired employee after his or her death.

The other question is a proposed addition to the Irving's by-laws by which the company would indemnify directors against expense in defending unjust attacks upon them for alleged negligence or misconduct in office. Similar by-laws have been adopted by numerous other large corporations.

Edward Charles Grenfell, the first Baron St. Just, senior partner in the banking firm of Morgan, Grenfell & Co., London, England, died in that country on Nov. 26, according to word received in New York on Nov. 28. He was 71 years of age, and at his death held many important financial positions including that of Director of the Bank of England, Vice-President of the International Mercantile Marine, and a member of the Salvage and Towing Co., Ltd. Following his graduation from Harrow and Trinity College, Lord St. Just immediately entered the banking field in which his family had been active for 100 years. He became in time senior partner in the London banking firm with which J. P. Morgan & Co. and Drexel & Co., in this country, were associated.

At the meeting of the Board of Trustees of The New York Trust Co., held Dec. 16, a quarterly dividend of 3½% (87½ cents per share) on the capital stock of the company, was declared payable Jan. 2, 1942, to stockholders of record at the close of business on Dec. 20, 1941. This is a reduction from the previous rate of 5% (\$1.25 per share).

In announcing the cut, John E. Bierwirth, President, stated that the dividend at the old rate had actually been earned. He explained, however, despite regrets at impairing a dividend policy which had been maintained unbroken for so many years, that the Board had unanimously concluded, in the face of present uncertainties both as to world events and as to domestic conditions and outlook, that it would be wise and prudent to effect a reduction in the amount of the dividends and to retain a larger part of the net earnings. Mr. Bierwirth stated further that this policy should be maintained until there is a material change in the factors which have led to this action.

"What Price Giving?" is the title of a handy and authoritative tabular guide to tax computation issued by the Public National Bank and Trust Co., New York. A valuable feature of this copyrighted innovation in pocket tax guides is that the reader is enabled to find, at a glance, the amount by which his estate tax

and income tax will be reduced as a result of a donation or gift of a portion of his property. Clearly shown also is the manner in which the increases in gift tax rates which become effective on January 1, 1942 affect gift taxes and estate tax savings. The booklet has a new and ingenious dual parallel fold feature which enables the reader to find the correct estate, gift and income taxes on a given income at a glance. This novel instant tax finder has an extremely wide range, since it covers estates running upward from \$100,000, taxable income from \$10,000, gifts from \$10,000, and "income from donated property" from \$1,000.

Said to be the clearest and most simplified tax guide of its kind, the Public National booklet gives two sets of tables—namely Federal Income Tax Tables and Estate and Gift Tax Tables. Under these two classifications the guide tables show actual figures of both taxes and savings, thus obviating lengthy computations so often necessary when usual tax tables are employed. The booklet is available free on request to the bank, 37 Broad St., New York City.

The Board of Directors of the Continental Bank & Trust Company of New York on Dec. 18 announced the appointment of Harold Brummer as Assistant Vice-President, effective Dec. 31. He will make his headquarters at the main office at 30 Broad Street and his duties will include the development and servicing of the bank's business in the New England States. Prior to his appointment, Mr. Brummer had been with the Irving Trust Co. of New York for several years.

The Board of Directors of the Lawyer's Trust Co., New York City, has voted that additional compensation be paid to all officers earning less than \$5,000 a year and to all employees, of an amount equal to one-half of one month's salary to all those in the employ of the company for one year or more, and one-quarter of one month's salary to all employees employed less than a year.

Arthur S. Kleeman President of the Colonial Trust Co., New York, announces the appointment of Chester W. Hoyt as Comptroller of the bank and Miss Angelica Lee as Safe Deposit Service Manager, in charge of customer relations with boxholders at all four offices of the institution. Before joining Colonial Trust Co., Mr. Hoyt was Comptroller of the State Bank at Albany and, more recently, in charge of bank analysis for The Todd Co., Inc.

Directors of Trust Company of North America, New York, announced on Dec. 12 their decision, in view of rising living costs, to pay the bank's entire staff a bonus for the year 1941 amounting to one-half a month's salary for those employed prior to Jan. 1, 1940, one week's salary for those employed thereafter and prior to July 1, 1941, and, in the case of staff members employed after July 1, 1941, 6% of actual salary received in the final quarter of the year on the basis of the first \$1,800 of annual salary and 4% for the next \$1,200. Beginning next year, directors expect that, instead of the annual bonus, a regular supplementary pay system will be instituted for all employees and reviewed at the end of each quarter in the light of then existing conditions. The bonus for 1941 is on the same basis as last year except that those employed by the bank within the past six months are now included.

The election of William E. Yates as a Vice-President has been announced by the Lafayette National Bank of Brooklyn. Mr. Yates was formerly an Assistant Cashier of the institution.

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Foreign Front

(Continued from First Page)
lands and British Dominion Governments will participate in the conversations.

The Prime Minister was accompanied by Lord Beaverbrook, British Minister of Supply, and by a group of military and technical experts. The dramatic arrival of the British group called to mind the famous ship-board conference of last summer, at which the Atlantic Charter was formulated. As on the former occasion, the meetings of the principals are to be paralleled by lengthy discussions among the military and other advisers of the President and Prime Minister.

Establishment of over-all unity for the purpose of defeating Hitlerism everywhere in the world is the official aim of the new Roosevelt-Churchill gathering. Already, some long steps toward that end have been taken in the Western Hemisphere. Canadian and United States military programs have been integrated for nearly a year, and the lend-lease project now includes 33 countries.

The problems of military, naval and aerial commands, which proved so thorny in the first World War, doubtless will be discussed realistically in Washington. The immense significance of concerted action cannot be over-emphasized. This matter is especially difficult just at present, owing to sweeping changes considered necessary in the United States as a consequence of our projection into the conflict through the treacherous Japanese attack at Pearl Harbor and the German and Italian war declarations. The three Commanders of American Navy, Army and Air Forces at Hawaii were relieved of their posts, last week, and the supreme command of all American naval forces was entrusted over the week-end to Admiral Ernest J. King, whose command previously was confined to the Atlantic Fleet.

The new officers appointed for the Hawaii station are Rear Admiral Chester W. Nimitz, as Commander of the Pacific Fleet; Lieut. Gen. Delos C. Emmons, as Commander of the Hawaiian Department, and Brig. Gen. Clarence L. Tinker, as Chief of the Air Force in Hawaii. The officers they replaced are, respectively, Admiral Husband E. Kimmel, Lieut. Gen. Walter C. Short and Major Gen. Frederick L. Martin.

Indicative of the grim intensity of the United States Government in winning the war was a new elective service law adopted last Friday, which makes all men from 20 to 41, inclusive, subject to military service, and requires the registration of all between ages 18 to 64, inclusive. This, it was calculated, provides a potential military force of 6,900,000 men. Also illustrative is the annual report of the Secretary of War, published Monday, which places great emphasis upon the aerial forces which are becoming ever more decisive on all fronts, and which this country is especially well equipped to provide.

Battle of Manila

That part of the vast Pacific struggle which involves directly the forces of the United States and Japan has now resolved itself into a contest for the Philippines, which is likely to become known as the Battle of Manila. As all military experts were agreed from the beginning, the treacherous aerial attack on Pearl Harbor was intended to immobilize part of our Pacific Fleet and hold the balance in our own Pacific waters. That the Japanese gained this end at least in part is now clear, for extensive troop landings from transports have been made at various points in the Philippines, and the struggle for those strategic islands is on.

Numerous Japanese submarines apparently are operating off our Pacific Coast, with the obvious intent of crippling our transportation facilities. The enemy craft were reported every day this week as making attacks on unarmed tankers, several of these vessels being sunk, although most of them escaped the attackers. One sizeable passenger vessel plying between Honolulu and San Francisco also has been sunk. No further attacks have been made at Hawaii, and Midway Island remains in American hands despite occasional aerial bombing by the Japanese. Wake Island is now officially claimed by the Japanese, and Guam fell soon after the war began on Dec. 7. With two of the main stepping-stone islands of American communications to the Far East in their hands, the Japanese plainly decided to proceed with their aggression in the Philippines.

The sporadic aerial attacks and occasional landings at remote northerly points in the principal Philippine island of Luzon were sharply augmented, Monday, when an enormous flotilla of 80 Japanese transports appeared off the Gulf of Lingayen, and began to pour attacking troops onto the coastal area there in the face of fierce American opposition. Another important landing occurred Tuesday, southeast of Manila. A good deal of anxiety has been occasioned among military analysts by these moves.

There was no element of surprise in these attacks, for the areas selected by the Japanese were always regarded as likely avenues of aggression and they were well fortified. Before the landing on Luzon areas near Manila occurred, moreover, other moves by the Japanese made it obvious that a full scale attack on all American military defenses was imminent.

At the three remote landing points of Northern Luzon, the attackers clearly desired to gain areas for airplane fields, so that aerial superiority might be established. The land communications from such points are altogether inadequate. There is, unfortunately, some reason to believe that swarms of Japanese airplanes have given the invaders at least a momentary control of a portion of the Philippine air.

In the southerly portion of the Philippines, at Davao in the Island of Mindanao, the Japanese landed important forces last Saturday. Davao is a town of some 40,000, most of the inhabitants being Japanese. The fate of Davao has been "obscure" since the landing was attempted, according to our own military spokesmen. Japanese authorities claimed the town fell into their hands last Saturday. Iloilo, principal port of Panay Island, was bombed by Japanese airmen, and extensive raids were reported against our naval base at Cavite and military installations.

Numerous instances of heroic counter-action by American airmen and others are reported from Manila, where Gen. Douglas MacArthur and his forces are hitting hard at the invaders. Enormous loss of life among the attackers was indicated, and no note of undue concern appeared in the official reports, which stated that the situation was "well in hand." American submarines operating from Philippine bases sank a number of Japanese ships, and others went down after American aviators bombed them. Submarines and aerial bombers of the Netherlands East Indies joined in the defense of the Philippines, and also wreaked havoc among the invaders.

Although the issue is far from

decided, and much depends upon supply of the defenders and the action to be taken by our main naval forces, there is no doubt that the Japanese have attained some of their early objectives. At least three Japanese transports were sunk in the landing attempt at Lingayen Gulf, and more were sent to the bottom thereafter. Such losses apparently failed to halt the Japanese entirely, for a small section of the coast was occupied, and the attackers promptly began to drive inland.

From Lingayen Gulf points the approach to Manila is militarily feasible, although difficult in spots. The attackers were reported yesterday as having bombed and damaged a long steel bridge on this route, in back of the defending armies. The reason for heavy landings on southeast Luzon are less readily explicable, since deep gorges guard the approach to Manila from that side. In any event, the attackers now are more or less established at five points on Luzon, with Manila their ultimate objective.

Forces engaged in this conflict are not generally disclosed. The American defense alignment naturally is a military secret, and even conjecture on this point is inadvisable. The official reports make it evident, however, that the Filipino elements in our armed forces are fighting the invader valiantly and sturdily. Official estimates in Washington are that 80,000 or more Japanese soldiers comprise the invading force at Lingayen Gulf points, and more thousands are said to be arriving daily. Our aerial scouts reported the Japanese armada while it still was some distance at sea.

Before the Japanese attack began on Dec. 7, military calculations in Washington often were reported to be based upon the possibility of losing the Philippines, after a sustained defense. If such calculations ever were really entertained, they certainly do not guide the defenders now. It is evident, moreover, that we must continue to hold the Philippines, if the Far East is not to fall entirely into Japanese hands, for the defense of British and Netherlands possessions would become exceedingly difficult if these islands were to fall.

British and Dutch Defenses

Major attention in the Far Eastern war area now centers upon the Philippines, but it is clear that equal importance attaches to the Japanese drive southward along the coast of East Asia toward the great British and Netherlands possessions. There is somewhat less peril to enemy communications in the coastal drive, which probably explains the urgency of the move against the American bastion. If the Philippines can be reduced, the attackers will have a better chance to take over also British Malaya and the Netherlands East Indies.

Hong Kong, as a way station on the Japanese course of attempted conquest, remained under siege early this week, with the British Empire forces battering sternly against the seemingly endless waves of attackers. Cut off from sea communications, surrounded on the land side adjoining the island, and with little or no aerial support, the defenders of Hong Kong fought an epic battle that aroused the admiration even of their antagonists. Sir Mark Young, Governor of Hong Kong, denied in personal messages the persistent Japanese claims of victory.

Even in London, however, it was admitted that the defense of Hong Kong is virtually hopeless. The Japanese advanced on the mainland and took Kowloon early last week. They made landings on the island last Friday, and slowly forced the defenders back into the higher areas of the mountainous island over the last week-end. For considerable periods communications between

the British Colony is in doubt. The strategic importance of Hong Kong is not to be deprecated, since it is a highly valuable naval base, especially suitable for submarine harrying of communications.

The main Japanese assault on the Continental side of their two-pronged drive southward in the Far Pacific was aimed at Malaya, where the giant British base of Singapore is located. Land forces moved southward from the Thailand border into Malaya, and apparently made extensive gains. Penang, the British island base on the western side of the Malay Peninsula, was evacuated by the defenders last Friday. This provided the Japanese with airfields from which the Malacca Straits approach to Singapore can be threatened.

After a slow retreat before overwhelming Japanese odds, the British Empire forces made a stand, early this week, some 330 miles north of Singapore, on the narrow Kra Isthmus. Aerial reinforcements were brought up and began to smash at the Japanese. It is obvious, moreover, that the main defenses of Singapore will become ever more difficult for the invaders, if they manage to move farther southward.

Still another attack by the Japanese was developed over the last week-end at North Borneo, where British forces endeavored to halt the aggression. Only modest Japanese contingents apparently were landed on Borneo, but the defenders possibly had still fewer men available. The British-owned oil fields of the area were dynamited, lest the Japanese make progress and thus capture vitally important oil areas. Aerial attacks were made by the Japanese on some Netherlands possessions, but no important landing attempts were indicated.

Portuguese Timor

One small area of the Far East where the Allies acted beforehand is the Portuguese portion of the island of Timor, held jointly by Portugal and the Netherlands. In order to forestall any Japanese plans for occupation of Timor, contingents of Australian and Netherlands troops marched into the Portuguese part of the island, last Thursday, and took command of the defenses. Situated near Australia, at the eastern end of the vast chain of the Netherlands East Indies, the island has strategic potentialities which plainly warrant the action taken.

This incident promptly occasioned mild objections in Lisbon, at least in official circles. Whether the objections were more than profane, however, is to be doubted. Premier Antonio de Oliveira Salazar informed the Parliament that demands for the withdrawal of the Australian and Netherlands troops had been made, immediately upon receipt of information regarding the military occupation. He also assured his countrymen that the matter will be straightened out at the end of the war.

British authorities took the unusual step, Sunday, of issuing a statement for the reassurance of the Portuguese people. The occupation was a regrettable necessity, it was indicated, and the disapproval was made that Japanese submarines had been observed in the vicinity of Timor. Premier Oliveira Salazar was quite right, according to London, in saying that due adjustments will be effected at the conclusion of the conflict. There was little further comment in Lisbon, other than statements in the press that the ancient understanding with Great Britain must not be prejudiced.

German Program

Stripped of their legend of "in-

vincibility," German forces are in retreat in Russia and in Libya, and some drastic changes are in progress within the Reich as a consequence of the radically altered military situation. Just what these changes signify may well depend upon the further fortunes of war. It appears, however, that Chancellor Adolf Hitler has found it necessary to dismiss his supreme Army Commander, Field Marshal General Walther von Brauchitsch, and assume in his own name the leadership of the Reich Army.

In all probability this change reflects an effort to allay unrest among the German people, and perhaps also among the German armed forces. It is quite possible that the war-weary German people are becoming rebellious and are making their discontent plain through "go-slow" practices and the many other ways that a people living under a dictatorship develop.

But it also is possible that fresh strategic plans are about to be disclosed, in an effort to gain advantages from the Japanese entry into the war. Withdrawal of much of the German air force from Russia preceded the announcement in Berlin, on Dec. 8, that lines in Russia would be adjusted for a winter war of position. A logical assumption is that the Germans are about to turn their major aerial attention once again to the British, in the effort to prevent adequate reinforcement of Empire forces in the Far East.

Any major effort by the Germans and their Italian associates might be directed against either the United Kingdom, or the African and Near East strongholds of the Empire. Indeed, attacks in all directions might be attempted, with a view toward occupying the British fully. This would tend to cover up the obvious German failure to capture Moscow and achieve other objectives promised by Hitler to the Nazis.

Hitler issued a proclamation on Sunday, announcing the dismissal of von Brauchitsch and his own assumption of supreme command. With inevitable verbosity he recalled events of recent years, dilated on his own "intuition" and, while expressing full appreciation for the services of von Brauchitsch, declared that he had united in his own hands all armed commands. In an accompanying proclamation to German soldiers, Hitler asserted that the war is nearing its "climax and turning point." Grossly exaggerating Japanese prowess, the German Dictator said that the war is entering on a new phase favorable to Germany, and he added that decisions of world-wide importance now are faced.

With respect to Russia, where the German forces obviously are spent, Hitler was fairly precise. The task of the Germans there will be to hold and defend until the arrival of Spring what they so far have conquered, he said. New units are to be formed and better arms are to be supplied, the Fuehrer told his minions. He also remarked on the necessity of protecting the vast German front from Kirkenes to the Spanish border, and on the difficulty of organizing connections on this western front. Not only are preparations to proceed for the resumption of fighting against Russia, next Spring, but "the introduction of other decisive war measures is impending," he announced.

Intensification of the Battle of the Atlantic appears to be among the plans of the German Dictator. The British Admiralty announced last week that the light cruiser Duredin, 4,850 tons, had been sunk in the Atlantic by a German submarine. Berlin announced

officially last Monday the sinking in the Atlantic of a British aircraft carrier, but London indicated Tuesday that the ship torpedoed was a converted merchantman on aerial patrol duty. Axis submarines were reported on several occasions off our own Atlantic Coast.

Russian Campaign

All reports indicated this week an increasing debacle for the Nazi forces in Russia, and the world strategy of the current war necessarily will be affected by this circumstance. Although the German High Command announced on Dec. 8 an intention of withdrawing to static lines for the winter, it appears that some of the fixed positions of the Nazis already have been overthrown by Red Army units bent on vengeance. The retreat from Moscow, is said by the Russians to be a rout, and the Germans have little or nothing to say from day to day.

Contrasting sharply with their previous practices, the Russians at long last are permitting foreign press representatives to visit the front. All such correspondents agree that much war material and thousands of frozen German corpses are being abandoned by the retreating Nazis. From areas 60 to 80 miles west of Moscow, which the Nazis took with difficulty and at great cost, they are rapidly being rolled back. In the northern sector, near Leningrad, the Reich army is being pushed back and the communications of the second Russian city are said to be in process of restoration. In the Donets Basin the defenders also are pushing the Nazis backward. Only on the Crimean Peninsula were the invaders able to make any attacks, with the intent of taking Sevastopol, but that Russian naval base was held.

The desperate plight of the German forces was revealed officially, when Propaganda Minister Paul Joseph Goebbels addressed an appeal to the poorly fed and ill-clothed German populace to send woolen articles of clothing to the Eastern front. In this statement it was conceded that the Russians are more numerous and better equipped than the Reich forces.

The grave miscalculation in Russia by the German commanders was further illustrated by Chancellor Hitler's decision to take supreme command of all German forces and relieve a number of his military aides, foremost among them Field Marshal Gen. Walther von Brauchitsch. The early and rigorous winter was blamed by the Germans for the debacle, but this explanation hardly suffices in view of the winters spent in Russia by German soldiers in the first World War.

Indefinite retreat by the Germans is hardly to be expected, since the Reich lines of communication steadily are being shortened, while the Russian lines lengthen over the wasteland left by two vast armies. There is, no doubt, however, that a crisis has arisen in Germany because of the need for retreating, and the further course of the limitless conflict will be influenced to a marked degree by the great December change.

Victory in Libya

Driving steadily westward from their Egyptian and Tobruk bases, British Empire units now have achieved another outstanding victory in the dry Italian desert of Libya, in northern Africa. This move vies in importance with the Russian thrust against the Nazis, and places the Axis forces at a heavy disadvantage on two fronts. It is quite possible, however, that Hitler and his hordes will endeavor to turn their African defeat into a gain, through strokes

that are rumored from a number of European listening posts.

British authorities fully expect, according to London dispatches, that Hitler will attack in force on the Mediterranean battlefield. Spain or Turkey, and perhaps both, are held likely to be invaded by the Germans, in order to alleviate the pangs of their Russian defeat. A move against Gibraltar would necessitate passage through Spain, and possibly the assistance of unoccupied France. Rumors yesterday were that Vichy is being coerced into a movement of this kind. There were also numerous reports, however, of German troop concentrations in the Balkans, and a threat against Turkey and the British-held Near East was seen by some observers. Berlin denied all the reports.

Despite some unfavorable weather, British columns steadily pursued the retreating German and Italian forces in Libya, this week. A rapid march along the coastline gave the British the Italian city of Derna, last Friday, and Bengazi next may fall. South of Bengazi, deep in the desert, a mobile British column raided 450 miles into Italian territory. Reinforcements were rushed by the Italians to their remaining African "Empire," but British cruisers and submarines sank a number of troop transports. There remains the possibility of aerial transport by the Germans of reinforcements to Italian North Africa, since the whereabouts of the main Reich air fleets currently is a mystery.

Western Hemisphere

Sound strategic principles of safeguarding the home front while carrying the war to the enemy obviously are to be applied in Washington, now that the war has engulfed much of the Western Hemisphere. The need for defense of the Americas long has been recognized, and recent measures indicate a rapid extension of the preparations.

The status of the French island of Martinique, in the Caribbean, was settled last week by French and American naval authorities. Rumors to this effect which began to circulate over the last week-end were confirmed in Washington on Monday, by Secretary of State Cordell Hull. As the result of conferences between our own Rear Admiral Frederick J. Horne, and the French High Commissioner, Admiral Georges Robert, arrangements were made which assure the continued neutralization of the strategic island.

Plans are being formulated, meanwhile, for the Pan-American Conference in Rio de Janeiro, at which the representatives of all 21 American Republics will discuss common objectives and possible contributions to the reconstruction which must follow the World War. This meeting is to begin on Jan. 15, with high officials of all American Republics in attendance.

Foremost among the problems of the Pan-American Conference will be that unity which plainly is advisable in the current world crisis. Almost all the American Republics already have declared war against the Axis nations, or have broken diplomatic relations. The Argentine Republic, however, remains on the sidelines, despite some military concessions to the United States. A meeting called in Buenos Aires for paying homage to President Roosevelt was forbidden, last week, by the Argentine authorities.

Items About Banks, Trust Companies

(Continued from page 1661)

The Brooklyn Trust Co., Brooklyn, N. Y., has announced that Everett M. Clark has joined the staff of the institution and will be connected with its Customer Relations Department. Mr. Clark at present is General Chairman of the Brooklyn Committee in the United Hospital Fund 1941 Campaign.

In addition to a Christmas Bonus of one week's salary to employees of the Peoples National Bank of Brooklyn, N. Y., the Board of Directors of the bank, in order to help their employees meet the increased living cost, have announced that a payment of 6% of the weekly salaries paid during the period from Oct. 1 to Dec. 31, 1941, will be made in January, 1942, to all employees whose salaries do not exceed \$3,000 annually, excluding officers.

The Bowery Savings Bank, New York City, has announced that it expects to start over-the-counter sale of savings bank life insurance and the issuance of policies by Feb. 1. The announcement was made by Henry Bruere, President, who already has made application to the State Superintendent of Banks for authorization for establishment of a Life Insurance Department by The Bowery. Trustees of the bank have voted for its entry in the life insurance field.

The Bowery will be the 42nd mutual savings bank in the State to establish an insurance department, since legislation in 1938 gave savings banks general permission to open such departments and set up regulations for their conduct. Insurance now in force is more than \$18,000,000, represented by more than 22,000 policies. Twenty-two of the 57 mutual savings banks in New York City have insurance departments.

Central Savings Bank, New York City, announces that Joseph Campbell was elected to the bank's board of trustees at the regular monthly meeting. Mr. Campbell is Assistant Treasurer of the Trustees of Columbia University, a position which he assumed earlier this year. Prior to that time Mr. Campbell was engaged in active practice as a certified public accountant in New York City.

The Lincoln Savings Bank, Brooklyn, N. Y., announced on Dec. 16 the appointment of Fred G. Kracke as life insurance officer. The bank has been selling life insurance since January, 1939, having, it is stated, been one of the first institutions in the State to be so authorized.

The North River Savings Bank, New York City, on Dec. 17 observed the 75th anniversary of its founding. Harris A. Dunn is President of the institution, which has been located on West 34th Street in Manhattan since it opened for business in December, 1866.

Joseph F. Abbott, President of the American Sugar Refining Co., has been elected a trustee of the Emigrant Industrial Savings Bank, New York City, it was announced on Dec. 12 by Walter H. Bennett, Chairman of the Board of the bank.

Arthur Stiles, President of the Manhattan Savings Institution, New York City, died on Dec. 17 in the Lenox Hill Hospital, New York City, shortly after he was stricken with a cerebral hemorrhage at the bank's main office, 154 East 86th St. He was 63 years old. A native of New York, Mr. Stiles, after graduation from high

school, entered the employ of the Manhattan Savings Institution and spent his entire business career with this organization. He was appointed Assistant Secretary in 1916, a Trustee in 1917 and Vice-President and Secretary in 1918. Mr. Stiles became President of the bank in June, 1924; during his presidency the institution more than doubled its deposits.

Arthur M. Aiken, former Vice-President and Comptroller of the Chase National Bank, New York, died on Dec. 4 at his winter home in Fort Lauderdale, Fla. He was 67 years old. Mr. Aiken was born in Texas, and began his banking career as a messenger in the old Chatham National Bank in New York. In 1907 he transferred to the National Copper Bank, and when that institution merged with the Mechanics National Bank in 1910 he became chief clerk of the new bank, the Mechanics and Metal National Bank. In 1915 Mr. Aiken became Assistant Cashier and in 1923 was promoted to cashier. When the Chase National Bank absorbed the Mechanics and Metal National Bank in 1926, Mr. Aiken became Second Vice-President of Chase National and in 1929 also became Comptroller. He retired in 1935.

The Board of Managers of the Half Dime Savings Bank, Orange, N. J., has elected Henry T. Stetson, senior partner of the firm of Stetson & Gormley, attorneys, of Orange and New York, as Vice-President of the bank, effective Jan. 1, next. Mr. Stetson will succeed Frederick H. Williams, who is resigning as acting Vice-President as of Dec. 31. The Board of Managers also announced the election of Harrison G. McFaddin to the Board.

Mr. Stetson is the son of Horace Stetson, who was formerly Treasurer of The Half Dime Savings Bank from 1880 to 1921 and its Vice-President from 1907 to 1921. His firm has been attorney for the bank since 1929.

Mr. Williams whose resignation concludes 47 years of service with the bank, will celebrate his 90th birthday in 1942. He was elected Vice-President in March, 1935, and has been on the Board of Managers since September 1894. He is the bank's oldest living officer. Mr. Williams' father introduced a special act in the New Jersey State Legislature for the bank's charter.

Mr. McFaddin, the new member of the Board of Managers, is retired from business, having formerly headed the manufacturing firm of H. G. McFaddin & Co., New York.

Emil E. Dieffenbach, Vice-President of the Dime Savings Institution, Newark, N. J., died on Dec. 4 in St. Barnabas Hospital, Newark. Mr. Dieffenbach, who was 79 years old, had also been a consulting metallurgist with the United States Metals Refining Co., Carteret, N. J.

Walter E. Robb, former President of the New Jersey Bankers' Association, died on Nov. 30 at Haverford, Pa. He was 76 years old. A native of Burlington, N. J., Mr. Robb was a former President of the Burlington Savings Institution and the Burlington City Loan and Trust Co. and was an active board member of the former until his death.

Eric G. Johnson, Vice-President of The Penn Mutual Life Insurance Co., has been elected a Director of the First National Bank of Philadelphia. Mr. Johnson has been associated with The Penn Mutual for 13 years, as general agent in Pittsburgh and more recently in Philadelphia as Vice-President in charge of agencies.

Samuel Wheeler Morris, at one time Secretary of the Girard Trust Co., Philadelphia, died on Nov.

29 at his home in Chestnut Hill, Philadelphia. He was 67 years old. Born in Philadelphia, Mr. Morris became associated with the Girard Trust Co. in 1884 and was made Assistant Secretary in 1904. Ten years later he became Secretary. In 1929 Mr. Morris retired to devote more time to his private affairs.

Carl C. Francis, former national bank examiner in New York City and more recently Secretary and Treasurer of the American Bosch Corp., was elected President of The Putnam Trust Company, of Greenwich, Conn. On Dec. 17, according to an announcement by the bank's board of directors, The announcement in the matter says:

Mr. Francis was for three years President of the Kingsboro National Bank, Brooklyn, prior to its merger with the Colonial Trust Co. He was a national bank examiner in New York City from 1928 to 1936 and, before that, was an assistant national bank examiner in the New York district for four years. Following his graduation from the University of Minnesota in 1916, he began his banking career with the Federal Reserve Bank of Minneapolis. He received his LL.B. degree in 1920 from the Minnesota College of Law. Mr. Francis served in the first World War as a Second Lieutenant in the Field Artillery.

Members of the special committee who recommended Mr. Francis to the Board of Directors for the Presidency were: Henry Fletcher, Chairman; Ralph E. Brush, Colby M. Chester, Louis W. Dommerrich, H. Arnold Jackson and Robert A. Lee.

Henry Brown Day, senior partner in the Boston banking firm of R. L. Day & Co. and President of the Day Trust Company, died on Dec. 1 at West Newton, Mass. He was 79 years old. In 1880 Mr. Day joined the staff of R. L. Day & Co., which has been founded by his father in 1865, and in 1889 he became partner of the firm. He became a member of the New York Stock Exchange in March 1914, and had been President of Day Trust Co. since its organization in 1929. At the time of his death, Mr. Day was a member of the corporation of the Warren Institution for Savings, an incorporator of the West Newton Savings Bank.

Donald H. Hemingway, Vice-President and a Director of the Second National Bank, New Haven, Conn., died of heart disease on Dec. 11 in the New Haven Hospital. He was 49 years old. Mr. Hemingway had been a Vice-President of the Second National Bank for the past 10 years. His father, the late Samuel Hemingway, and also his grandfather, had been Presidents of the Second National. Mr. Hemingway's brother, Louis L. Hemingway, is the present Chairman of the Bank's Board of Directors.

Directors of the First National Bank of Chicago on Dec. 12 authorized the transfer of \$2,000,000 from "interior reserves" to undivided profits and \$5,000,000 from undivided profits to surplus. The addition to surplus raised the total to \$45,000,000. Capital stock remains at \$30,000,000. The Directors also declared the regular quarterly dividend of \$2.50 a share on the capital stock, payable Jan. 1.

The Board of Directors of the Continental-Illinois National Bank and Trust Co., Chicago, on Dec. 12 voted to transfer \$5,000,000 from undivided profits to the surplus account, thus bringing surplus to \$50,000,000, the same as the capital stock account. A similar increase was made in the surplus account. (Continued on page 1665)

Petroleum And Its Products

Designed primarily to cope with the war-time conditions under which the nation's petroleum industry is now operating is the new far-reaching plan of oil and gas conservation announced this week by Coordinator of Petroleum Harold L. Ickes which, in effect, places control of the West Coast industry in the hands of the Federal oil executive. Other States, such as Illinois, which are neither members of the Interstate Oil Compact Commission nor have State production measures satisfactory to Coordinator Ickes, may be forced to operate under the same rigid rules that now govern California oilmen.

The new program, designed to assure the maximum producing efficiency in output of California petroleum products for the war in the Pacific and civilian needs, was formulated by the Industry Committee for District 5 at the request of Coordinator Ickes. Following his formal approval this week, only the detail of action by the Committee and California oilmen to place the new rules in effect remained to be accomplished. Since Mr. Ickes recommended immediate action, the new rules virtually became effective with their announcement.

Under the new conservation program, as announced by Mr. Ickes in Washington this week, persons engaged in the petroleum industry may produce, store, sell, market, transport, purchase and handle petroleum and its products only if produced in accordance with conditions imposed by an Industry Committee and "approved" by the Federal Coordinator, which in effect places California oil production and marketing in the hands of Mr. Ickes. "From the military point of view, this plan is essential," he said. "In addition to assuring our supply, it is urgently needed because of the dangers involved in having vast amounts of oil in storage on the surface. California's vital supplies of oil must be protected properly from enemy attack, sabotage, or other dangerous exposure and this plan will make this possible."

The two-fold purpose of the plan, to meet all demands both military and civilian and to conserve petroleum and gas and critical defense materials used in their discovery, development and production, can be achieved, by Mr. Ickes said. This can be done through continuing discoveries of new reserves, by conducting development and production operations in an orderly, efficient manner and by maintaining production "at, but not greater than, a rate sufficient to provide adequate stocks and to fill current needs." Wasteful production of oil or gas is expressly banned, except where the Petroleum Coordinator may certify that there is urgent direct defense demand for additional production from any particular California field.

In announcing the new program, Coordinator Ickes charged the Industry Committee for the California area with the task of "preparing a plan or plans" that will:

1. Assure the proper development, production and utilization of the reserves of petroleum in California.
 2. Make petroleum and its products available at the proper places to meet military and civilian needs.
 3. Accomplish the most effective use of critical materials.
 4. Assure the efficient use of transportation, storage and refinery facilities.
 5. Eliminate the drilling of unnecessary wells.
 6. Prevent physical waste below and above ground.
 7. Assure that natural gas produced in conjunction with petroleum is used primarily for the efficient recovery of petroleum.
- Any plan or plans developed, however, it was emphasized, must

be submitted to the Petroleum Coordinator and become effective only after he has approved them. "A conservation plan for California no longer is merely a question of local desirability," Mr. Ickes stressed. "It has now become a matter of national necessity." The action was taken under the power given to the Petroleum Coordinator's office by President Roosevelt under the broad authority granted to the President in wartime.

Estimating available crude oil supplies above ground at sufficient for only 50 days, Col. E. O. Thompson, Chairman of the Texas Railroad Commission, told members of the Interstate Oil Compact Commission at their Dec. 19 meeting in Oklahoma City that this supply is "dangerously low." The United States, he continued, should "certainly" store an emergency supply of crude oil above ground totaling 60,000,000 barrels, "which would not be touched except in dire need." He further suggested that the nation store an additional 50,000,000 barrels of gasoline for a "war reserve." Bombproof underground tanks should be utilized for the storage of both crude and gasoline by the Government, Colonel Thompson said.

Another oil shortage on the East Coast due to the war-created necessity of transferring tankers from the East Coast to the West Coast was foreseen by Representative Cole, head of the House petroleum subcommittee, in his speech at the dedication of the 456-mile southeastern pipeline stretching from St. Joe, Fla., to Chattanooga, Tenn., on Dec. 19. While pointing out that completion of the \$5,000,000 pipeline would free tankers formerly serving this territory for service on the West Coast, Representative Cole said: "I see ahead with such certainty, that I am willing to speculate on the early use in the Pacific of tankers moved from the Atlantic service in numbers greater than those recently returned by the British."

In Washington, however, the Maloney subcommittee reported to the Senate on the same day that it contemplates no immediate further activity in its investigation of gasoline and fuel oil shortages, unless new crises arise in connection with petroleum needs of the military and civilians. While reporting that there was no shortage of petroleum and products up to the time of its last hearings in October, the Committee pointed out in a letter accompanying the report that a state of war now exists and any interpretations of the report should be made in the light of that fact. "The exigencies of war may materially change the situation in the future," it was stated, "although, within the past few days, the Petroleum Coordinator has noted that the reserves of petroleum in the Atlantic Coast area are at a comfortable level."

"Extension of the war to the Pacific Ocean suggests that new problems may arise in relation to the supply of petroleum on the West Coast," it was continued. "Furthermore, the use of petroleum tankerships in the new war zones must be solved and, consequently, civilian adjustments may be necessary. In addition, there is possible future need for curtailment in the civilian uses of high-test gasoline—because of the demand for base stocks and blending agents in the manufacture of high octane, or aviation gasoline. The Committee has kept a check on all means of transportation in an effort to anticipate any possible carrier shortage."

A spurt of more than 200,000 barrels in daily average production of crude oil during the Dec. 20 week lifted the total for the nation to 4,314,150 barrels, the American Petroleum Institute re-

ported. The gain of 204,600 barrels, sharpest in weeks, established a total far above the December market demand estimate of the Bureau of Mines of 4,139,000. Principal factor in the rise was a gain of 227,070 barrels in Texas production, which climbed to 1,703,000 barrels, offset partially by lower production in California and Kansas.

Another successful defense against litigation involving triple-damages was won by the major oil companies convicted of anti-trust law violations at Madison in 1938 in a decision by Federal District Court Judge Patrick T. Stone on Dec. 18 in Wausau, Wis. The Judge ruled, in sustaining a motion for summary judgment against a Lidgerwood, Wis., oil jobber, that a jobber seeking triple damages may not recover a mere increase in price which has resulted from the defendant oil companies' acts in view of the decision in the Twin Port Oil Co. vs. Pure Oil Co. case, which the United States Supreme Court recently refused to review.

There were no price changes.

Prices of Typical Crude per Barrel At Wells

(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	\$2.75
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Continent, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.23

Refined Products

The expansion program of the Petroleum Coordinator's Office covering the production of high octane aviation gasoline gained momentum this week under the stimulus of a Supply, Priorities and Allocation Board approval with Coordinator Ickes announcing in Washington on Dec. 21 plans for the world's largest gas cycling plant, to be constructed in Texas. The plant, to be built in the Katy Gas Field in Waller County, will process approximately 275,000,000 cubic feet of gas daily—which will yield nearly 7,500 barrels daily of combined distillate, kerosene, naphtha, natural gasoline, butane and isobutane, it was stated.

More than \$3,000,000 will be invested in the project by Stanolind Oil & Gas, Humble Oil & Refining and Humble Pipe Line, Mr. Ickes said, with Humble Oil & Refining operating the plant. A preference rating of A-1-a has been assigned to the project to insure speedy construction. Mr. Ickes also disclosed that a model contract has been developed by the Cities Service Co., Defense Service Corp. and his office, calling for the immediate start of a \$2,000,000 plant in the Middle West and pointing the way for similar contracts with other refiners.

"Under the provisions of the contract, a loan will be advanced by the Government for part of the construction costs," Mr. Ickes said in commenting upon the new contract. "The entire output of the plant will be purchased by the Government for at least three years. Also contributing materially to the expansion program is a recommendation by the Internal Revenue Commissioner, permitting liberal depreciation for income tax during the life of the contract. The importance of the agreement . . . lies in the fact that it makes it possible for the refiners to undertake the large investments with some assurance of a market for a sufficient period of a product now used chiefly in war."

A few days previous, Mr. Ickes' office had announced that the

Supply, Priorities and Allocation Board had approved the far-reaching plans of the Office of the Petroleum Coordinator for multiplying the nation's capacity to produce 100-octane aviation gasoline. Formal approval of the SPAB was given to the details of the plan as submitted in a confidential memo by Mr. Ickes.

Further seasonal expansion in inventories of finished, unfinished and aviation gasoline developed during the week of Dec. 20 with stocks climbing 1,875,000 barrels to 89,297,000 barrels. The American Petroleum Institute report disclosed that this figure compared with holdings of 81,651,000 barrels on the comparable 1940 date. Production of gasoline gained slightly during the week, rising to 13,687,000 barrels from 13,610,000 barrels a week earlier. A sharp gain in gasoline production over the 11,393,000-barrel figure for the like date a year ago was shown.

A fractional gain in refinery operations lifted the figure to 91.4% of capacity, against 90.4% a week earlier. Daily average runs of crude oil to stills were up 73,000 barrels to 4,070,000 barrels. Holdings of gas oil and distillates showed a normal seasonal drain, easing off to 51,487,000 from 52,809,000 barrels on Dec. 13. Stocks

of residual fuel oil were off slightly at 95,560,000 barrels, against 95,762,000 a week earlier. While inventories of gas oil and distillates were substantially above those a year ago, stocks of residual fuel oil were off around 6,000,000 barrels.

There were few price changes in the major refined products in the principal marketing areas throughout the country.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Socony-Vac.	\$.085
Tide Water Oil	.09
Texas	.085
Shell Eastern	.085
Other Cities—	
Chicago	.06-.06%
Gulf Coast	.06-.06%
Oklahoma	.06-.06%
Super.	

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery

New York (Bayonne)	\$.053
Baltimore	.0525
Philadelphia	.0525
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04%-.04%

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) Bunker C.	\$1.50
Diesel	2.15
Savannah, Bunker C.	1.30
Philadelphia, Bunker C.	1.50
Gulf Coast	\$1.85-.90
Hullfax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	\$.04
Chicago, 28,30 D	.053
Tulsa	.03%

Federal Reserve Board Reports Industrial Activity Is Maintained At High Rate

Industrial activity was maintained at a high rate in November and the first half of December and distribution of commodities continued in large volume, reports the Board of Governors of the Federal Reserve System in its summary of general business and financial conditions in the United States, issued Dec. 20. Our entry into the war was reflected in a sharp advance in the prices of some commodities, some decline in security prices, and further curtailment of nonmilitary production, the Board points out in its summary, which further states:

Production

Volume of industrial output was sustained in November at the high rate of the previous two months, although a decline is usual at this season. The Board's adjusted index advanced from 163 to 167% of the 1935-39 average. In industries engaged in production of armament and munitions activity continued to increase and in most other lines volume of output was maintained or declined less than seasonally.

Output of materials, such as steel and nonferrous metals, was maintained at about capacity. In the automobile industry activity increased, reflecting larger output of both military and civilian products, and at lumber mills and furniture factories activity declined less than seasonally. At cotton and rayon textile mills activity rose to new record levels, and at woolen mills the high production rate of other recent months was maintained. Less than seasonal declines in output were indicated for shoes and manufactured food products.

Crude petroleum production increased further in November. Bituminous coal production declined somewhat owing to temporary shutdowns at some mines during November, and anthracite production was curtailed as a result of unusually warm weather in some areas and the existence of considerable stocks of coal accumulated in earlier months. Iron and ore shipments continued in large volume until the shipping season closed early in December; during 1941 about 80,000,000 tons of ore were brought down the Lakes as compared with the previous record of 65,000,000 tons in 1929. Stocks of ore at lower Lake ports on Nov. 30 amounted to about a seven months' supply at the current consump-

tion rate of around 6,500,000 tons a month.

Following a declaration of war by this country in early December further steps were taken to curtail output of non-defense goods using critical materials. Output quotas for passenger cars and household appliances were greatly reduced and cessation of output of some other products was ordered as of the end of January. Also, the production and sale of new automobile tires and tubes for civilian use were halted temporarily, pending establishment of a system for controlling their distribution.

Value of construction contracts awarded in November declined sharply from the high level of other recent months, according to figures of the F. W. Dodge Corp. Awards for privately-financed construction decreased more than seasonally and contracts for publicly-financed projects also declined following a continued large volume of awards since last spring. Total awards in November were about a fifth larger than a year ago, while for the first 10 months of the year they were three-fifths larger.

Distribution

Volume of retail trade increased in November following some decline in the previous month. Department store sales, as measured by the Board's seasonally adjusted index, advanced to 115% of the 1923-25 average as compared with 105 in October and 116 in September. Larger sales in November were also reported by variety stores. Sales of automobiles increased somewhat, according to trade reports, but, as in other recent months, new car sales were smaller than output and dealers' stocks rose further.

In the second week of December sales at department stores rose less than seasonally, particularly in the coastal regions.

Freight traffic on the railroads continued in large volume in November and the first

Fertilizer Assn. Commodity Index Again Higher

The weekly wholesale commodity price index compiled by The National Fertilizer Association was slightly higher again last week, the result of rising prices for industrial commodities. In the week ended Dec. 20, it was reported Dec. 22, this index advanced to 119.2 from 119.1 in the preceding week. A month ago it was 116.4 and a year ago 98.8, based on the 1935-1939 average as 100.

The farm product price index declined last week as most grain and livestock quotations sagged. Cotton was somewhat higher in price. Price changes in the food group were nearly evenly balanced, with 11 items declining and 10 advancing. The declines in food prices, however, were more than sufficient to offset advances causing a small recession in the food price index. A fractional drop was also registered by the index representing the prices of miscellaneous commodities. Rising prices for cotton and wool resulted in the sixth consecutive advance in the textile index. Although the fuel average advanced moderately, it was still below the level of two weeks ago. Lead and linseed oil prices were higher causing an upturn in the building material index. The farm machinery and mixed fertilizer price indexes were sharply higher, reflecting to some degree the scarcity of materials needed both by defense and by non-defense industries. A further advance in the fertilizer material average was due principally to increasing prices in organic nitrogenous materials.

During the week 35 price series included in the index advanced and 20 declined; in the preceding week there were 39 advances and 3 declines; in the second preceding week there were 31 advances and 10 declines.

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 Ago
		Dec. 20, 1941	Dec. 13, 1941	
25.3	Foods	116.4	116.6	99.5
	Fats and Oils	126.2	129.0	68.1
	Cottonseed Oil	156.0	156.0	66.7
23.0	Farm Products	123.6	124.4	90.0
	Cotton	163.5	163.1	91.2
	Grains	115.0	117.0	84.6
	Livestock	117.5	118.4	89.4
17.3	Fuels	112.9	111.9	101.4
10.8	Miscellaneous Commodities	126.8	126.9	110.5
8.2	Textiles	140.9	140.8	112.0
7.1	Metals	104.0	104.0	103.0
6.1	Building Materials	131.6	131.2	118.3
1.3	Chemicals and Drugs	112.0	112.0	103.8
.3	Fertilizer Materials	115.5	114.9	104.1
.3	Fertilizers	119.7	109.8	103.3
.3	Farm Machinery	103.4	100.7	99.6
100.0	All Groups Combined	119.2	119.1	98.8

*Base period changed Jan. 4 from 1926-1928 average to 1935-1939 average as 100. Indexes on 1926-28 base were: Dec. 20, 1941, 92.9; Dec. 13, 1941, 92.8; Dec. 21, 1940, 77.0

Bank Debits Up 20% From Last Year

Bank debits as reported by banks in leading centers for the week ended Dec. 17 aggregated \$14,224,000,000. Total debits during the 13 weeks ended Dec. 17 amounted to \$146,954,000,000, or 23% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 18% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 26%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	Week Ended		13 Weeks Ended	
	Dec. 17, 1941	Dec. 18, 1940	Dec. 17, 1941	Dec. 18, 1940
Boston	812	666	8,265	7,084
New York	5,917	5,311	59,080	50,137
Philadelphia	804	854	7,813	6,236
Cleveland	1,027	814	10,642	8,233
Richmond	541	432	5,970	4,618
Atlanta	439	354	4,849	3,723
Chicago	2,110	1,624	21,977	17,455
St. Louis	430	335	4,970	3,728
Minneapolis	255	179	2,870	2,201
Kansas City	411	324	4,525	3,567
Dallas	383	274	3,949	2,945
San Francisco	1,096	856	12,045	9,523
Total, 274 reporting centers	14,224	11,824	146,954	119,450
New York City*	5,444	4,897	54,015	45,935
140 Other leading centers*	7,500	5,982	80,171	63,443
133 Other centers	1,190	944	12,768	10,072

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

half of December. Grain shipments increased considerably and loadings of miscellaneous merchandise, which includes most manufactured products, were maintained at the high level reached several months earlier. Coal loadings declined somewhat, owing in part to temporary shutdowns at some mines. Shipments of most other classes of freight decreased less than is usual at this season.

Commodity Prices

Following the entry of the United States into the war, prices of grains, livestock, and foods rose sharply. Prices of most industrial materials traded in the organized markets, being limited by Federal regulation, showed little change. Additional measures to prevent advances in wholesale prices were soon announced for wool and shellac and for such imported foods as cocoa, coffee, pepper, and fats and oils.

Retail food prices, as measured by the Bureau of Labor Statistics' index, increased 1½% further from the middle of October to the middle of November to a level 18% above a year ago. Indications are that retail prices of both foods and other commodities continued to rise in December.

Bank Credit

Total loans and investments at banks in leading cities continued to advance during November and the first two weeks of December, owing mostly to increased holdings of Government securities at banks outside New York City. Commercial loans, after showing little net change in November, again increased sharply in the first two weeks of December.

Excess reserves increased through most of the period as a result of Treasury expenditures from Reserve Bank balances, but declined sharply on Dec. 15 when these balances

Items About Banks, Trust Companies

(Continued from page 1663)

last July. Since 1934 the bank has made eight additions to its surplus, totaling \$40,000,000.

Directors of the Harris Trust & Savings Bank, of Chicago, have authorized the transfer of \$1,000,000 from undivided profits to the surplus account, Howard Fenton, President, announced on Dec. 10. The action will increase the surplus account to \$9,000,000.

At the same time, the regular quarterly dividend of \$3 a share was declared, payable Jan. 2 to holders of record Dec. 19. Mr. Fenton said:

We have permitted our undivided profits to accumulate in anticipation of the time when it would be desirable to transfer part of that account to surplus. We believe it is particularly timely when deposits are increasing and the demands upon banks in financing the war are likely to be greatly increased.

The Board of Directors of Industrial National Bank of Chicago has declared a regular quarterly dividend of \$1.12½ on its preferred stock, a regular quarterly dividend of \$50 a share on its common stock, and an extra dividend of \$50 a share on its common stock, the disbursement of these dividends to be made to stockholders of record Dec. 11.

The Directors also voted to transfer \$150,000 from undivided profits to the surplus account, raising surplus from \$1,100,000 to \$1,250,000.

M. J. Fleming, President of Federal Reserve Bank of Cleveland, announced on Dec. 8 that The Farmers & Merchants Bank of Logan, Logan, Ohio, has been admitted to membership in the Federal Reserve System. The bank, organized in 1910, has a paid-in capital of \$100,000. Of the eight directors of the bank six have been identified with the organization in some capacity for more than 20 years. Two of the directors Mr. John G. Collins and Mr. Charles E. Yontz, have been directors since the organization of the bank in 1910. Other directors of the bank are D. E. Harsh, Roland Bright, Roswell B. Perkins, Merrill Armstrong, R. B. Longstreth and Emerson S. Poston. The officers of the bank are D. E. Harsh, President, Roswell B. Perkins and Charles E. Yontz, Vice-Presidents; Roland Bright, Cashier; Carl Marsh and Miss Merlin Whitcraft, Assistant Cashiers.

M. J. Fleming, President of the Federal Reserve Bank of Cleveland, has announced the admission of the Alger Savings Bank, Alger, Ohio, and the Peoples Banking Co., McComb, Ohio, to membership in the Federal Reserve System, both effective Nov. 28. These two institutions bring to 16 the number of Ohio State

were replenished in connection with the issue of \$1,600,000,000 of new Government securities. Money in circulation has continued to show a marked increase.

Yields On Unlisted States Government Securities

The yield on 2½% United States Government bonds of 1967-72, which reached a record low level of 2.32% on Nov. 5, advanced somewhat in November and, after the entry of the United States into the war, rose to 2.50%. Yields on short-term Government securities increased further. The yield on Treasury notes of December, 1945, advanced to 0.93% on Dec. 17, compared with 0.62% on Sept. 15, and the rate on three-month bills rose to .295%.

banks to be admitted in the System during the current calendar year.

Payment of the insured claims of depositors of the First National Bank, Dodgeville, Wis., closed by supervisory authorities on Dec. 1, was started on Dec. 12, the Federal Deposit Insurance Corporation announces. Deposits of the bank at the time of closing amounted to about \$850,000, all of which, says the FDIC, appears to be insured. This amount was owned by about 1,800 depositors.

Recommendations to stockholders of the Hibernia National Bank in New Orleans, New Orleans, La., that the common capital stock of the bank be increased from \$1,500,000 to \$2,000,000 by declaration of a stock dividend payable out of undivided profits was voted on Nov. 27 by the institution's Board of Directors and announced by A. P. Imahorn, President.

Andrew L. Knowles, former Vice-President of the Chase National Bank of New York, was drowned on Nov. 30 in a small creek on his estate near Santa Cruz, Calif. He was 76 years old. After retiring as a Vice-President of Chase National, Mr. Knowles became affiliated with the old Pacific Mail Steamship Co. of San Francisco, was an adviser to A. P. Giannini when that San Francisco financier founded the vast Bank of America banking system in California, and for a time was on the staff of the "Coast Banker," financial weekly, according to United Press accounts.

H. D. Ivey, President of the Citizens National Trust & Savings Bank of Los Angeles, announces the appointment of Harry Tipton Steck of Los Angeles as advertising manager of the bank, effective Dec. 15. Irvin Borders, advertising manager of the bank for the last two and one-half years, has resigned to join the sales promotion department of the Columbia Broadcasting System, Los Angeles.

The directors and officers of the Bank of America National Trust and Savings Association, San Francisco, announce the removal of the company's administrative offices on Dec. 8 to its new head office building at 300 Montgomery Street, San Francisco.

The Bank of Montreal announces the election of Richard Green Ivey, K.C., as a director. Mr. Ivey is senior member of the law firm of Ivey and Logan, of London, Ontario, President of the Northern Life Assurance Co. of Canada and President of the London Street Railway Co. He is a director of a number of Canadian corporations, including Canadian General Insurance Co., Bathurst Power and Paper Co., Ltd., Silverwood Dairies, Ltd., and London Realty Co., Ltd.

According to cable advices received by the New York Agent of Barclays Bank (Dominion, Colonial and Overseas), at 120 Broadway, New York City, the Board of Directors has recommended final dividends for the year of 4% actual on the cumulative preference shares and 3½% actual on the "A" and "B" shares, thus making a distribution of 8% per annum and 6½% per annum, respectively, on the three classes of capital (subject to deduction of British income tax in each case). The dividends now declared are the same as for the year 1940 and are payable Dec. 29, 1941. Barclays Bank (Dominion, Colonial and Overseas) operates in British territories overseas, including South, East and West Africa, Egypt and the Sudan, Palestine, the Mediterranean and the British West Indies.

Scrap Export Down From Peak Levels

Exports of scrap steel from the United States in 1941 are expected to total about 930,000 net tons, according to the American Iron & Steel Institute. This will be the first year since 1933 that scrap exports have been less than two million tons. The Institute further goes on to say:

During the seven years 1934 through 1940, more than 21,701,000 net tons of scrap were shipped to foreign nations, an average of 3,100,000 tons per year. Almost exactly half of that tonnage went to Japan before what amounted to an embargo on scrap exports to Japan went into effect in October 1940.

By comparison with the large tonnage exported in earlier years, scrap exports in the first nine months of 1941 totaled only 696,000 net tons, or at the rate of 930,000 tons for the whole year. The destination of exports is no longer made public.

In two recent years 1937 and 1939, the tonnage of scrap steel shipped out of the United States exceeded four million tons per year.

In 1940, a total of 3,162,000 tons of scrap was shipped abroad despite the fact that no scrap was shipped to Japan in the closing 11 weeks of the year and that war conditions resulted in reduced shipments to almost every other scrap-consuming country except the United Kingdom and Canada.

For the past several months, the American steel industry has been experiencing increasing difficulty in obtaining a sufficient supply of scrap to keep its furnaces running at capacity.

Because of greatly increased steel capacity in recent years and the present need for steel in record-breaking tonnages, scrap is needed in greater tonnages than ever before.

Hawaiian Sugar Crop Cut Reported Small

The plans of the Army and Navy call for the withdrawal of 3,000 acres of land from sugarcane in Hawaii, according to reports received by B. W. Dyer & Co., New York, sugar economists and brokers. This amounts, it is stated, to only 3.4% of the total area of approximately 238,000 acres planted to sugar. Even though this may be the most fertile land in the islands it should not cause much reduction in future sugar production in Hawaii. The firm's announcement further says:

As the crop is normally harvested in the period November to June, it is reasonable to expect that land will be utilized as cane is harvested. Thus, withdrawal of land should cause no reduction in sugar production from the present crop.

Hawaii normally supplies about one-seventh of the United States' sugar requirements.

Moody's Commodity Index Declines

Moody's Daily Commodity Index declined from 217.6 a week ago to 216.6 this Tuesday. The most important individual change was a drop in the price of wheat.

The movement of the index was as follows:

Tuesday, Dec. 16	217.6
Wednesday, Dec. 17	217.5
Thursday, Dec. 18	216.6
Friday, Dec. 19	216.9
Saturday, Dec. 20	217.0
Monday, Dec. 22	216.5
Tuesday, Dec. 23	216.6
Two weeks ago, Dec. 9	213.4
Month ago, Dec. 12	209.4
Year ago, Dec. 23	169.4
1940 High—Dec. 31	171.8
Low—Aug. 16	149.3
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6

not look upon it that way. It is a commentary on the confusion of Washington that they still consider they have jurisdiction over non-defense industries and can tell a non-defense industry when to cut down, etc.

Wendell Willkie is being frequently mentioned and likely will serve on this council. He is believed to have wanted to be moderator of the industrial-labor conference which has had a hard time getting together.

Inasmuch as, in spite of the ballyhoo that will attend the creation of the Supreme War Council, it will be only an advisory body, the thing to watch for is whether Philip Murray of the CIO is a member of it.

In the same light, a story going around Washington and about which it is difficult to tell heads or tails, is that the Council will also be used to blanket Knudsen, if not actually the whole OPM.

Knudsen has been the victim of the Washington propaganda ever since he has been here. It will be Hillmans first experience which will be significant.

Peruvian Sugar Output

Sugar production in Peru during the current 1941-42 season is estimated at 433,000 long tons, as against 424,000 tons in the previous season, an increase of 9,000 tons, equivalent to 2.1%.

During the crop year ended Aug. 31, 1941, Peruvian sugar exports totaled 327,028 tons, as compared with 318,386 tons in 1939-40.

Sugar consumption in Peru during 1940-41 totaled 107,848 long tons, as compared with 100,230 tons in the preceding crop year.

Labor Bureau's Wholesale Price Index Rises Sharply In First Week Of War

The Bureau of Labor Statistics of the U. S. Department of Labor announced on Dec. 18 that prices in wholesale commodity markets moved upward sharply after the attack on Pearl Harbor by Japan.

The Labor Bureau's announcement of Dec. 18 further said: Price advances were general, and the indexes for 8 of the 10 major commodity groups rose during the week.

There were increases of 4% for livestock and poultry and 3% for grains and quotations were higher for cattle, hogs, lambs, wethers, live poultry and for oats, rye and wheat.

Minor price advances for farm machinery, motor vehicles, and quicksilver accounted for the slight increase in the metals and metal products group index.

Following the declaration of war by the United States, prices for imported drugs and for fats and oils rose sharply.

Wholesale prices for furniture continued to rise. Prices for fuel and lighting materials were generally steady.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Nov. 15, 1941 and Dec. 14, 1941 and the percentage changes from from a week ago, a month ago, and a year ago.

Table with columns: Commodity Groups, 12-13-1941, 12-6-1941, 11-29-1941, 11-15-1941, 12-14-1941, 12-6-1941, 11-15-1941, 12-14-1941. Rows include All Commodities, Farm products, Foods, Hides and leather products, Textile products, Fuel and lighting materials, Metals and metal products, Building materials, Chemicals and allied products, Housefurnishing goods, Miscellaneous commodities, Raw materials, Semi-manufactured articles, Manufactured products other than farm products, All commodities other than farm products, and farm products and foods.

Percentage Changes in Subgroup Indexes from Dec. 6 to Dec. 13, 1941. Table with columns: Increases, Decreases. Rows include Oil and fats, Cattle feed, Meats, Livestock and poultry, Grains, Agricultural implements, Cereal products, Paint and paint materials, Other farm products, Cotton goods, Other foods, Furniture, Fruits and vegetables, Lumber, Drugs and pharmaceuticals, Dairy products, Leather, Motor vehicles, Other textile products, Petroleum products, Bituminous coal.

Bonds In Mixed Trend

Some softness has developed currently in the Treasury bond market and also in high-grade corporates. Corporates of medium quality have been rather indeterminate in trend this week while lower grades have declined.

High-grade railroad bonds have been slightly lower but have displayed a firm undertone throughout the week. Medium-grade rails have been mixed while speculative issues have lost ground.

Utility bonds, particularly investment-grade issues, have displayed considerable stability and price fluctuations have held within a narrow range. Speculative issues have eased somewhat further but changes have been more orderly than in recent weeks.

phone & Telegraph 4 1/2s, 1952, New England Gas & Electric 5s, 1950, and Standard Gas & Electric 6s, 1948. The Virginia Public Service Company has registered new mortgage bonds and serial notes for future issuance.

The industrial section of the list has been generally lower this week. Steels ruled at fractional declines. Oils also have generally been off, with the Standard of New Jersey 2 3/4s, 1953, and the Union of California 3s, 1959, dropping 1 to 1 1/4 points.

Among foreign bonds there has been some sizable recovery in Denmark 6s which advanced 10 points to 60. Norwegian loans have likewise been in continued demand at advancing prices.

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

MOODY'S BOND PRICES (Based on Average Yields) and MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices). Tables with columns for 1941 Daily Average, U.S. Govt. Bonds, Avg. Corporate rate, Corporate by Ratings (Aaa, Aa, A, Baa), Corporate by Groups (R.R., P.U., Indus.).

MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices). Table with columns for 1941 Daily Average, Avg. Corporate rate, Corporate by Ratings (Aaa, Aa, A, Baa), Corporate by Groups (R.R., P.U., Indus.).

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

Steel Output To Reach All-Time Holiday High— New Production Goals Being Set

Pressure for increased production of war materials and equipment from American plants this week was reaching levels which are already making the pre-war (before Dec. 7) efforts look unimpressive by comparison, according to "The Iron Age" of Dec. 25, which further goes on to say:

Typical of the new production goals being set as a result of U. S. entry into a shooting war is that of the machine tool industry. Long under forced draft because of its strategic position in the flow from raw materials to ships, tanks and planes, the machine tool makers are now being asked to lift production 50 to 100%. Those figures apply specifically to machine tool plants manufacturing for the airplane, anti-aircraft and machine gun industries, but the entire machine tool industry is now being asked for a big increase in production.

Emphasizing the speed with which industry is being converted to a wartime basis, steel manufacturers estimate that within the next 60 days as much as 90% of production at some plants will be earmarked for war use. Projected shipping schedules for December indicated that 68 to 70% would go for war needs but these figures are being altered by Pearl Harbor.

On all sections of the industrial front are signs that the U. S. at war is little like the U. S. at peace. News that the auto-aviation industry program for production of bombers is months ahead of schedule came in an announcement from the Office of Production Management that the first Army bomber assembled from parts fabricated by the automobile industry will roll off the line of the new North American Aviation plant in Kansas City early in January.

For another week all the emphasis has been on great war production, with the needs of peacetime plants unable to get materials or defense orders still largely overshadowed by the demands of war. Effects of the war so far on the farm equipment industry suggest that the industry faces a very sharp decline in production but that the need for increasing food production for U. S. allies complicate the problem and may enable farm equipment makers to escape with a 1942 output cut of only 20%.

Progress in the conversion of peacetime plants to war production is reported on many sectors, particularly in the automobile, electrical supply and washing machine industries. Washing machine makers are manufacturing machine guns. Vacuum cleaner manufacturers have been converted to small fittings of all kinds. Safe and lock companies have started to make gun parts and calculating machine companies are now engaged in the production of shell fuses and fitting pins.

Despite the virtual stoppage of non-defense orders for steel, incoming defense orders for vital war use are lifting December bookings slightly above orders for the corresponding period of November. The necessity for some adjustment in the priority and allocation setup grows every day with some orders for military projects reported blocked by orders for less essential use which up to now have been entitled to high priority ratings.

Allocations of steel plates have been more effective in recent weeks, and the steel industry believes that the Adams group committee should facilitate the flow of steel toward the more vital war channels.

The steel industry this week is foregoing, to a great extent, the usual Christmas shutdown to avoid any unnecessary loss of vital steel supplies. Ingot operations for the current week are estimated by "The Iron Age" at 93.5%, a decline of four points from a week ago. Had the holiday been observed as in the past, the rate would have declined from 15 to 20 points. In the Christmas week of 1940, the rate dropped 17 points.

The only large area to show a rise this week is Chicago, which reports a gain of one point to 104%. Both Youngstown and Pittsburgh are down 9 points this week to 88%. Philadelphia declined 1 1/2 points to 89%. Cleveland was off a half point to 99.5%, Wheeling dropped four to 82%, the South declined 2 to 95.6%, the West lost 2 to 95%, St. Louis declined 14 to 102%, and the Eastern district eased 5 points to 104%, Buffalo was unchanged at 90%, while Detroit gained 1 1/2 points to 107.5%.

1940—	Feb 24.....96.3%	Jun 16.....99.0%	Sep 29.....96.9%
Dec 2.....96.9%	Mar 10.....98.8%	Jun 23.....99.9%	Oct 6.....98.1%
Dec 9.....96.0%	Mar 17.....99.4%	Jun 30.....91.8%	Oct 13.....98.4%
Dec 16.....96.8%	Mar 24.....99.8%	Jul 7.....94.9%	Oct 20.....97.8%
Dec 23.....80.8%	Mar 31.....99.2%	Jul 14.....95.2%	Oct 27.....99.9%
Dec 30.....95.9%	Apr 7.....99.3%	Jul 21.....96.0%	Nov 3.....96.2%
1941—	Apr 14.....98.3%	Jul 28.....97.6%	Nov 10.....96.8%
Jan 6.....97.2%	Apr 21.....96.0%	Aug 4.....96.3%	Nov 17.....97.0%
Jan 13.....98.5%	Apr 28.....94.3%	Aug 11.....95.6%	Nov 24.....95.9%
Jan 20.....96.5%	May 5.....96.8%	Aug 18.....96.2%	Dec 1.....97.6%
Jan 27.....97.1%	May 12.....99.2%	Aug 25.....96.5%	Dec 8.....97.5%
Feb 3.....96.9%	May 19.....99.9%	Sep 1.....96.3%	Dec 15.....97.9%
Feb 10.....97.1%	May 26.....98.6%	Sep 8.....96.9%	Dec 22.....93.4%
Feb 17.....94.6%	Jun 2.....99.2%	Sep 15.....96.1%	
Mar 3.....97.5%	Jun 9.....98.6%	Sep 22.....96.8%	

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

Reaction of steel consumers to a state of war is distinctly helpful and effort to obtain steel for non-essential purposes is disappearing. In addition, steel-makers are receiving requests to hold up shipments now on books or to cancel tonnages for which buyers have no outlet.

Curtailed of automobile and household appliance manufacture has caused numerous steel users to cancel previous bookings in order that war needs may be met more easily. This includes many steel products, notably wire and narrow cold-rolled strip. Pig iron requirements filed for January have been considerably less than for previous months in the case of numerous melters. This is attributed to an increase in foundry inventory, due to lessened demand for castings where their use was delayed by inability to obtain other materials.

In the Cleveland district steel mills have had requests from several customers to hold shipments until January on contracts scheduled and promised for December. The purpose is to co-operate fully with OPM in the effort to prevent accumulation of unreasonably large inventory.

Inquiry for many steel products is light, in some cases much below normal, in spite of war demand. Customers without priority are not seeking to place further tonnage as they already have orders on books without delivery promise.

Expected sharp increase in war demand has not appeared yet, but is in the making and will be felt soon. A quickening is apparent in some lines of ordnance manufacture and large orders may be placed soon. A number of bomb inquiries are before the trade. One involves several hundred tons of 30-gage sheets and another sheet tonnage is for bomb fins. Stovemakers, whose regular output has been limited, are figuring on contracts for bomb clusters.

Among the few definite indications of needs resulting from war in the Pacific is an order for steel sheet piling placed with a Chicago mill for repairs at Pearl Harbor.

Steel production last week was at 97 1/2%, the same as for the preceding week. Lack of scrap held back a higher rate at several points. Christmas observance probably will cut into output this week, but the decline probably will be less than usual. Chicago advanced 1 1/2 points to 103%, close to its all-time high. Birmingham was 5 points higher at 95%, Cincinnati up 4 points to 95 and Cleveland advanced 1/2 point to 94 1/2%. St. Louis dropped 5 points to 91%, Pittsburgh 2 points to 96 and Wheeling 3 points to 91. Unchanged rates were maintained at Buffalo, 97%; Detroit, 90; Eastern Pennsylvania, 87; New England, 84; Youngstown, 92.

While complete scrap allocation has not been put in effect, awaiting detailed reports from the industry, a number of specific orders have been issued to divert supply to steelmakers nearing the point of shutting down. Following the order for shipment of 10,000 tons to Inland Steel Co. other Chicago mills have asked allocations, evidently fearing the effect of the inland order on their sources of supply. Two melters in the St. Louis district have been given allocations to prevent severe interruption of steel output. Curtailment of automobile production in the Detroit area is expected to reduce materially the volume of scrap available to local mills. Munitions manufacture is not expected to make good this loss. A plan has been worked out for reclaiming empty tin containers from army posts, said to be about 1,600 tons monthly.

An order by Office of Price Administration freezes prices on resale of steel and iron products by warehouses and other distributors at the level of April 16, 1941. The order includes seconds, rejects and used products. The only exception is in case of sales of less than standard packages or units at retail. Extras and discounts in effect April 16 will apply.

Navy and merchant shipbuilders are working on a plate standardization program, affecting weights, widths and lengths, in an effort to expedite shipments. Merchant shipbuilders are expected to find this an easier task than navy yards. One cause of delay in deliveries has been the large number of differing specifications for material used for essentially the same purpose.

Railroads continue to place orders for locomotives, with diesel-electric preponderating. Considerable export business in cars and locomotives is being placed. Expectation of heavier iron ore movement next year has caused one important road in the Northwest to buy 250 ore cars.

Automobile production dropped to a new low last week, with 65,875 units assembled, compared with 95,990 the preceding week. This was to meet the restriction imposed by the government for December output. In the corresponding week last year production was 125,350 cars.

Price composites continue frozen: Finished steel, \$56.73; semi-finished steel, \$36; steelmaking pig iron, \$23.05; steelmaking scrap, \$19.17.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel		High		Low	
Dec. 23, 1941, 2.30467c. a Lb.		1939	Sep 19	1920	Sep 12
One week ago	2.30467c.	25.25	Jan 21	19.01	Jul 6
One month ago	2.30467c.	23.25	Mar 9	20.25	Feb 16
One year ago	2.30467c.	19.74	Nov 24	18.73	Aug 17
A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.					
High		Low			
1941	2.30467c. Sep 2	2.30467c.	Sep 2		
1940	2.30467c. Jan 2	2.24107c.	Apr 16		
1939	2.35367c. Jan 3	2.26689c.	May 16		
1938	2.58414c. Jan 4	2.27207c.	Oct 18		
1937	2.58414c. Mar 9	2.32263c.	Jan 4		
1936	2.32263c. Dec 28	2.05200c.	Mar 10		
1935	2.07642c. Oct 1	2.06492c.	Jan 8		
1934	2.15367c. Apr 24	1.95567c.	Jan 2		
1933	1.95578c. Oct 3	1.75436c.	May 2		
1932	1.89196c. Jul 5	1.83901c.	Mar 1		
1931	1.99629c. Jan 13	1.86586c.	Dec 29		
1930	2.25488c. Jan 7	1.97319c.	Dec 9		
1929	2.31773c. May 28	2.26486c.	Oct 29		
Pig Iron					
Dec. 23, 1941, \$23.61 a Gross Ton					
One week ago	\$23.61				
One month ago	23.61				
One year ago	22.61				
Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern Iron at Cincinnati					
High		Low			
1941	\$23.61 Mar 20	\$23.45	Jan 2		
1940	23.45 Dec 23	22.61	Jan 2		

Canadians Urged To Endure Price Control As Means Of Avoiding Inflation Catastrophe

It is to the interest of all Canadians to endure willingly a temporary unpleasant condition of price regimentation to avoid the catastrophe to everyone that must necessarily follow inflation, and this is especially true of the wage earner and the person of small or moderate means. C. H. Carlisle, President of The Dominion Bank, Canada, told stockholders at the 70th annual meeting of the bank held in Toronto on Dec. 10.

"In the implementing of price control there will be many inequalities to be adjusted, and if efficiently administered these adjustments will require to be made rapidly," Mr. Carlisle said. "Once such adjustments are made there should be no major difficulties. In normal conditions we would be opposed to regimentation, but we are in abnormal times which are most serious and, therefore,

require abnormal treatment. "Our Government is attempting to control inflation and to maintain sound money," Mr. Carlisle added, pointing out that a stabilized currency should at all times bear relation to the required volume of business. He continued:

The basis of sound pricing is economic costs. Price control is necessarily a complicated operation, but we hope at least that it will prove a possible operation. It requires the unified cooperation of all concerned.

The Canadian Chartered Banks at present have loaned to worthy borrowers, in amounts both large and small, \$1,458,348,000, and have invested in Federal, provincial and municipal securities \$1,539,498,000. These vast sums are distributed to about every phase of commercial activity, and as well to the home builder and, for specified periods, to governments. The banks are not permitted to make loans against real estate or other fixed assets, the object being to keep the banks in a liquid position at all times.

Stating that The Dominion Bank is in a sound position and fully prepared to assist to the fullest extent in the Nation's war effort, Robert Rae, general manager, in his address to stockholders, reported increases for the year ended Oct. 31, 1941, in net profits, total deposits, which were at a figure of \$143,151,534, total investments, commercial loans and discounts.

The Dominion Bank's annual statement was referred to in these columns of Nov. 27, page 1207.

Sees Ever-Normal Granary Food Reserves Defense Contribution

Reserves of food, feed and fiber stored in Ever-Normal Granary in times of abundance under commodity loan programs are making effective contribution to national defense, said J. B. Hutson, President of the Commodity Credit Corp. in his annual report to the Secretary of Agriculture on the activities of the corporation in the fiscal year 1940-41. Advice on Dec. 16 from the Department of Agriculture regarding the report said:

Lend-lease requirements for cotton, corn, tobacco, wheat, and naval stores are supplied from stocks accumulated through loans and purchases by Commodity Credit, Mr. Hutson's report stated, while corn reserves accumulated in years of surplus harvest are providing additional feed supplies required for the planned expansion of the production of pork, dairy, and poultry products.

Commodity Credit loans and purchases amounted to approximately \$513,000,000 during the 12 months of the fiscal year ended June 30, 1941. The commodities affected include cotton, corn, wheat, rye, barley, grain sorghums, tobacco, peanuts, prunes, raisins, turpentine, rosin, dairy products, and seed for conservation practices.

Substantial quantities of commodities, particularly cotton and wheat, pledged for loans in 1940 were redeemed in 1941 and sold by producers. Heavy liquidations of corn stocks during the fiscal year were also reported.

The total of loans and purchases is the largest expended in any one fiscal year, and is an increase of \$117,000,000 over the previous year. The investment in commodities at the close of the fiscal year

amounted to approximately \$1,100,000,000. Appraisal of the assets and liabilities of the Commodity Credit Corporation indicated an accumulated deficit of approximately \$172,000,000 for the entire life of the organization from October, 1933, of which a substantial part is described as a "paper deficit" representing the difference between the investment in commodities and market values as of the date on which official inventory was made.

Pension Fund Report

The election of the Rt. Rev. Noble C. Powell, D. D., of Baltimore, as a Trustee of The Church Pension Fund of the Protestant Episcopal Church was announced on Dec. 16 by Bishop Cameron J. Davis, President of the Board of Trustees, Bishop Powell, who was recently consecrated as Bishop Coadjutor of the Diocese of Maryland and was formerly the Dean of St. Alban's Cathedral in Washington, succeeds the late Bishop Lawrence of Massachusetts whose death at the age of 91 occurred on Nov. 6. It was Bishop Lawrence who, 25 years ago, raised over \$3,000,000 to start The Church Pension Fund, the pension system for the clergy, their wives and children, of the Protestant Episcopal Church. The election of Bishop Powell took place at the annual meeting of the Board of Trustees, at which all of the present officers were reelected, including Bishop Washburn of Newark, and Frank L. Polk as Vice-Presidents, Bradford B. Locke as Executive Vice-President and J. P. Morgan as Treasurer. In his preliminary report to the Trustees, Bishop Davis pointed out that on March 1 of next year The Church Pension Fund will have completed a quarter of a century of successful operation during which over \$21,000,000 has been paid out in pensions to Episcopal clergymen, their widows and minor orphans. "The present pension roll includes the names of about 2,500 beneficiaries," Bishop Davis said, "and is at the rate of over \$1,370,000 a year. The total present pension roll still represents an increase of almost 40% over what the total would have been if the Fund were simply paying the pensions as originally promised in its rules." This increase, he pointed out, is the result of a program of expansion voluntarily undertaken some years ago by the Trustees as the result of careful management and fortunate circumstances. The announcement regarding the Fund also said:

Although Bishop Davis' report was necessarily tentative, he stated that the assets of the Fund are expected to amount to approximately \$35,500,000 at the end of the current year with a present market value in excess of that figure. He pointed out, however, that the average interest rate earned on the Fund's reserve liabilities was only 3.01% in 1940 but that he hoped for a somewhat higher figure for 1941. He stressed the fact that the annual cost of administering the Fund, which covers the entire Church, amounts to only about 1/3 of 1% of its assets.

Aside from interest earnings, the Fund is supported by assessments levied against every parish, mission and other ecclesiastical organization of the Church. In commenting upon this phase of the Fund's administration, Bishop Davis pointed out that the unpaid assessments during the entire history of the Fund amount to less than 1/5 of 1% of the total payable.

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

Table with columns: Period, Orders Received Tons, Production Tons, Unfilled Orders Remaining Tons, Percent of Activity Current, Percent of Activity Cumulative. Rows include 1940-Month of- (Jan-Dec), 1941-Month of- (Jan-Dec), and 1941-Week Ended- (July-Dec).

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

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 Dec. 22 as follows:

Table with columns: Country, Price Index (August, 1939=100). Rows include Argentina, Australia, Canada, England, Java, Mexico, New Zealand, Sweden, Switzerland, United States. Rows include 1940-Month of- (Jan-Dec), 1941-Month of- (Jan-Dec), and 1941-Weeks end- (Nov-Dec).

* Preliminary. r Revised

Changes in Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The monthly compilation of companies listed on the New York Stock Exchange reporting changes in their holdings of reacquired stock was made available on Dec. 16. Following is the tabulation issued by the Stock Exchange:

Table with columns: Company and Class of Stock, Shares Previously Reported, Shares Per Latest Report. Lists numerous companies such as Air Reduction Co., Allied Stores Corp., American Hide & Leather Co., etc.

Notes—(1) Initial report. (2) 1,800 shares acquired; 13,000 shares disposed of. (3) 50 shares acquired and retired. (4) Acquired through conversion of 14,028 shares of old cumulative 7% preferred stock. (5) 363 shares acquired; 15,517 shares disposed of by stock dividend. (6) 6,800 shares acquired; 1,164 shares disposed of. (7) 770 shares acquired; 750 shares retired. (8) 1,440 shares acquired since Feb. 14, 1941. (9) 60 shares acquired; 3,305 shares retired. (10) Retired. (11) 22,400 shares acquired; 19,900 shares canceled. (12) 500 shares acquired and retired. (13) 2,225 shares acquired; 1,080 shares retired. (14) Increase resulting from reclassification of class A stock into new common stock on a 3/2-to-1 basis. (15) 13,332 shares acquired; 22,615 shares retired.

The New York Curb Exchange issued on Dec. 17 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Table with columns: Company and Class of Stock, Shares Previously Reported, Shares Per Latest Report. Lists companies such as American General Corp., American Writing Paper Corp., Baldwin Rubber Co., etc.

English Financial Market--Per Cable

The daily closing quotations for securities, &c., at London, as reported by cable, have been as follows the past week:

Table with columns: Saturday, Monday, Tuesday, Wednesday, Thursday, Friday. Lists securities such as Silver, p. oz. d., Gold, p. fine oz., Consols, 2 1/2%, etc.

Lend-Lease Aid By U. S. To Turkey

In a note to the State Department at Washington on Dec. 14 by the Turkish Ambassador, M. M. Ertegun, it was indicated that the Turkish Government would remain neutral in "the new conflict which has just broken out." The note stated:

I have the honor to inform your excellency that in a telegram dated Ankara, Dec. 10, 1941, but received in Washington only this morning, I am directed by my Government to notify the Government of the United States of America that the Government of the Republic has decided to extend the neutrality of Turkey to the new conflict which has just broken out.

Please accept, Mr. Secretary of State, the assurance of my highest consideration. It was pointed out in Associated Press accounts from Washington on Dec. 14 that Turkey has remained neutral in the European war despite diplomatic efforts by Germany and Britain to secure her as an active ally. These advice added:

Great Britain in October, 1939, extended credits of £40,000,000 to the Turkish Government to stabilize Turkish currency and to provide approximately \$100,000,000 for the mechanization and modernization of the Turkish Army and the strengthening of fortifications in the Dardanelles, the strategic strait between the Black Sea and the Mediterranean.

The United States only recently revealed that lend-lease aid had been extended to Turkey, through the British since May, to enable the British Government to make good its commitments under the Anglo-Turkish pact.

The Anglo-Turkish pact provided also that Turkey, in return for the assistance from Great Britain, would maintain a benevolent neutrality toward Britain, and would not permit the Germans or any other military force to utilize Turkish territory against Britain or permit the passage of troops or military equipment through Turkish territory in what might be hostile acts against Britain.

The declaration of Turkey's neutrality was interpreted here, in the light of those facts, as meaning that the delivery of United States supplies to Britain for final delivery to the Turks had made it possible for the Turkish Government to maintain its neutral stand and not be forced to join the Axis under threat of invasion by the Nazis.

The disclosure that Turkey was receiving lend-lease aid from the United States came from Government quarters in Washington on Dec. 3, according to United Press accounts from Washington on that date which said:

The revelation followed a White House announcement that President Roosevelt had found the defense of Turkey—pivotal State in the Near East theater of war—"vital to the defense of the United States" and had ordered war supplies sent there immediately.

At the same time defense officials said a "considerable amount" of American war materials already had been shipped "on an informal basis" and that Great Britain is supplying Turkish forces with howitzers, trucks and other implements of war.

The White House said the President had directed Lend-Lease Administrator Edward R. Stettinius, Jr., "to see that the defense needs of the Government of Turkey are filled as fast as possible."

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report stated that production of soft coal showed little change in the week ended Dec. 13. The total output is estimated at 10,800,000 net tons, as against 10,880,000 tons in the preceding week.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Dec. 13 was estimated at 832,000 tons, an increase of 57,000 tons over the preceding week. Output in the corresponding week of 1940 was 1,259,000 tons.

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

Table with 4 columns: Dec. 13, 1941; Dec. 6, 1941; Dec. 14, 1940; Calendar year to date (1941, 1940, 1929).

*Bituminous coal; †Total, including mine fuel; ‡Crude oil petroleum; §Equivalent of weekly output.

*Includes for purposes of historical comparison and statistical convenience the production of lignite. †Total barrels produced during the week converted to equivalent coal assuming 6,000,000 b.t.u. barrel of oil and 13,100 b.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal.

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

Table with 4 columns: Dec. 13, 1941; Dec. 6, 1941; Dec. 14, 1940; Calendar year to date (1941, 1940, 1929).

*Adjusted to comparable periods in the three years. †Includes washery and dredged coal, and coal shipped by truck from authorized operations. ‡Excludes colliery fuel.

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

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

Large table with 7 columns: State, Dec. 6, 1941; Nov. 29, 1941; Dec. 7, 1940; Dec. 9, 1939; Dec. 7, 1929; Dec. 1923; average.

†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. †Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. †Includes Arizona, California, Idaho, Nevada and Oregon. †Data for Pennsylvania anthracite from published records of the Bureau of Mines. †Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

The London Stock Exchange

Quotations of representative stocks as received by cable each day of the past week:

Table with 7 columns: Saturday Dec. 13; Monday Dec. 15; Tuesday Dec. 16; Wednesday Dec. 17; Thursday Dec. 18; Friday Dec. 19.

Trading On New York Exchanges

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

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Dec. 6 (in round-lot transactions) totaled 776,244 shares, which amount was 13.65%

of total transactions on the Exchange of 6,285,080 shares. This compares with member trading during the previous week ended Nov. 29 of 591,727 shares or 11.01% of total trading of 5,164,270 shares. On the New York Curb Exchange, member trading during the week ended Dec. 6 amounted to 138,665 shares, or 12.00% of the total volume on that Exchange of 1,241,810 shares; during the preceding week trading for the account of Curb members of 165,175 shares was 12.76% of total trading of 1,183,800 shares.

With respect to the figures for the week ended Nov. 22 (see issue of Dec. 11, page 1471) the SEC announces that the New York Stock Exchange has submitted some corrections. Under item B-3—other transactions initiated off the floor—total sales for the week were 102,870, instead of 105,570, thus reducing the percentage figure from 2.61 to 2.57. Under the section giving the number of reports received, item 3—reports showing other transactions initiated off the floor—should be 201 instead of 202.

The Commission made available the following data for the week ended Dec. 6:

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

Table with 2 columns: N. Y. Stock Exchange; N. Y. Curb Exchange. Rows include Total Number of Reports Received, 1. Reports showing transactions as specialists, 2. Reports showing other transactions initiated on the floor, etc.

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

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

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

Table with 3 columns: Total For Week; Per Cent a. Rows include Total Round-Lot Sales, Short sales, Other sales b, Total sales, Round-Lot Transactions for the Account of Members, etc.

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

Table with 3 columns: Total For Week; Per Cent a. Rows include Total Round-Lot Sales, Short sales, Other sales b, Total sales, Round-Lot Transactions for the Account of Members, etc.

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

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

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

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

Revenue Freight Car Loadings During Week Ended Dec. 13 Amounted To 807,225 Cars

Loading of revenue freight for the week ended Dec. 13, totaled 807,225 cars, the Association of American Railroads announced on Nov. 18. The increase above the corresponding week in 1940 was 70,885 cars or 9.6%, and above the same week in 1939 was 129,093 cars or 19.0%.

Loading of revenue freight for the week of Dec. 13, decreased 26,150 cars or 3.1% below the preceding week.

Miscellaneous freight loading totaled 371,621 cars, a decrease of 7,225 cars below the preceding week, but an increase of 51,722 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 152,741, a decrease of 3,679 cars below the preceding week, and a decrease of 878 cars below the corresponding week in 1940.

Coal loading amounted to 154,910 cars, an increase of 4,392 cars above the preceding week, and an increase of 5,231 cars above the corresponding week in 1940.

Grain and grain products loading totaled 41,533 cars, a decrease of 1,221 cars below the preceding week, but an increase of 8,477 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of December 13 totaled 25,854 cars, a decrease of 889 cars below the preceding week, but an increase of 5,709 cars above the corresponding week in 1940.

Live stock loading amounted to 13,841 cars, a decrease of 790 cars below the preceding week, but an increase of 114 cars above the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Dec. 13 totaled 10,374 cars, a decrease of 614 cars below the preceding week, but an increase of 437 cars above the corresponding week in 1940.

Forest products loading totaled 42,377 cars, an increase of 1,372 cars above the preceding week, and an increase of 2,759 cars above the corresponding week in 1940.

Ore loading amounted to 16,173 cars, a decrease of 19,914 cars below the preceding week but an increase of 2,703 cars above the corresponding week in 1940.

Coke loading amounted to 14,029 cars, an increase of 915 cars above the preceding week, and an increase of 757 cars above the corresponding week in 1940.

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

Table with 4 columns: Year (1941, 1940, 1939), and 4 rows of weekly freight car loadings from January to December 13.

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Dec. 13, 1941. During this period 103 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED DEC. 13

Large table with 6 columns: Railroads, 1941, 1940, 1939, Total Revenue Freight Loaded, Total Loads Received from Connections. Includes Eastern, Allegheny, and Potomac districts.

Table with 5 columns: Railroads, 1941, 1940, 1939, Total Revenue Freight Loaded, Total Loads Received from Connections. Includes Southern, Northwestern, Central Western, and Southwestern districts.

Table with 6 columns: Railroads, 1941, 1940, 1939, Total Revenue Freight Loaded, Total Loads Received from Connections. Includes Allegheny and Potomac districts.

Note—Previous year's figures revised.

Liquidation Of Insolvent National Banks

During the month of November, 1941, the liquidation of seven insolvent National Banks was completed and the affairs of such receiverships finally closed, Preston Delano, Comptroller of the Currency announced on Dec. 12. His announcement added:

Total disbursements, including offsets allowed, to depositors and other creditors of these seven receiverships, amounted to \$14,269,399, while dividends paid to unsecured creditors amounted to an average of 66.02% of their claims. Total costs of liquidation of these receiverships averaged 8.27% of total collections from all sources including offsets allowed. Dividend distributions to all creditors of all active receiverships during the month of November, amounted to \$1,628,034. Data as to results of liquidation of the receiverships finally closed during the month are as follows:

Table with 5 columns: Name and Location of Bank, Date of Failure, Total Disbursements to Creditors Including Offsets Allowed, Per Cent Dividends Declared to All Claimants, Capital Stock at Date of Failure. Lists American-First National Bank, Fort Fairfield National Bank, etc.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Dec. 19 a summary for the week ended Dec. 13, 1941, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

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

Table with 2 columns: Week Ended Dec. 13, 1941, Total for week. Includes Odd-lot Sales by Dealers, Odd-lot Purchases by Dealers, Round-lot Sales by Dealers, Round-lot Purchases by Dealers.

a Sales marked "short exempt" are reported with "other sales." b Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales." Note—This report and preceding reports do not include transactions in stocks effected on a "when issued" basis.

Lumber Movement Week Ended Dec. 13, 1941

Lumber production during the week ended Dec. 13, 1941, was 8% less than the previous week, shipments were 5% less; new business was 3% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 9% below production; new orders 0.5% above production. Compared with the corresponding week of 1940 production was 3% less, shipments 22% less, and new business 10% less. The industry stood at 120% of the average of production in the corresponding week of 1935-39 and 117% of average 1935-39 shipments in the same week.

Year-to-Year Comparisons

Reported production for the 50 weeks of 1941 to date was 11% above corresponding weeks of 1940; shipments were 9% above the shipments, and new orders 5% above the orders of the 1940 period. For the 50 weeks of 1941 to date, new business was 4% above production, and shipments were 5% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 31% on Dec. 13, 1941, compared with 32% a year ago. Unfilled orders were 12% less than a year ago; gross stocks were 7% less.

Softwoods and Hardwoods

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

Table with 5 columns: Softwoods and Hardwoods, 1941, 1940, Previous Week, 1941 Week, 1940 Week (rev.). Includes Production, Shipments, Orders.

Lease-Mine Coal Is Subject To Coal Act

In a decision handed down on Dec. 15 the United States Supreme Court held that a company which obtained coal from mines it leased, but which were operated by others under contract, was subject to price-fixing provisions of the Federal Bituminous Coal Act. The Court's 5-3 decision, applying specifically to the Seaboard Air Line Rwy. Co., was delivered by Justice Reed. Justice Roberts wrote a dissenting opinion in which Chief Justice Stone and Justice Byrnes concurred. Justice Jackson did not participate.

As to the Court's findings on Dec. 15, Associated Press accounts from Washington said:

The Court held the coal to be exempt in a 4-4 ruling last term (April, 1941). A rehearing then was granted.

In appealing from a decision in favor of the company by the Fourth Federal Circuit Court, the Justice Department contended that the ruling "approves a device through which any large consumer can purchase coal at prices below those established under the Act."

The Justice Department said that Seaboard "arranged to pay nine or ten cents a ton royalty, under a contract of lease, to the owners of the land or mineral rights and the remainder of the price of the coal to a mine operator engaged under a contract as an independent contractor."

The Bituminous Coal Act in question, aimed at regulating prices and establishing fair competition, provides that its penalties "shall not apply to coal consumed by the producer."

The Seaboard Air Line Rwy. claimed exemption in the case of coal obtained for its own use from mines which it leased and which were operated for it by a contractor. The Coal Division, however, held that the railroad was not a producer.

The Court's majority opinion, by Justice Stanley Reed, refused to go behind this ruling, explaining that "in a matter left specifically by Congress to the determination of an administrative body, as the question of exemption was here . . . the function of review placed upon the courts . . . is fully performed when they determine that there has been a fair hearing, with notice and an opportunity to present the circumstances and arguments to the decisive body, and an application of the statute in a just and reasoned manner."

"Where, as here, a determination has been left to an administrative body," the opinion continued, "this delegation will be respected and the administrative conclusion left untouched."

"It is not the province of a court to absorb the administrative functions to such an extent that the executive or legislative agencies become mere fact-finding bodies deprived of the advantages of prompt and definite action."

Justice Roberts, who wrote the dissenting opinion, declared that the law "carefully delimits by inclusive and exclusive definition those who shall and those who shall not be subject to its regulatory provisions."

He added that the coal director's finding, if it was in error "was a misconstruction of the Act which created his office and that error, under all relevant authorities, is subject to court review. It is specifically made so subject to review by the statute in question."

He pointed out that under the majority decision captive coal mines could be subjected to

President Makes Third Lend-Lease Report; Aid Put At \$1,202,000,000 Up to Nov. 30

President Roosevelt, in submitting to Congress on Dec. 15 his third quarterly report on the lend-lease program, disclosed that aid to the nations opposing the Axis totaled \$1,202,000,000 from March 11 to Nov. 30. Of this total, \$723,000,000 represented defense articles transferred, although the actual value of exports of lend-lease items up to Nov. 30 was only \$595,000,000. The President explained that the difference between this figure and the total value of articles transferred is principally due to three facts:

First, the amount of transfers under the ships category is not included in the exports figure; second, certain goods are transferred to lend-lease countries for use in the United States, such as equipment and supplies for airplane pilot training programs; and, third, it is necessary to maintain some inventory of stocks of finished articles at the various warehouses at the points of export, so that there always will be plenty of material ready to be loaded as shipping space becomes available.

In a letter of transmittal, President Roosevelt reiterated his promise to continue aiding countries resisting the Axis powers, despite the fact that the United States is now engaged in the war against Japan, Germany and Italy. He told Congress that "we must not only help others to defeat them" but "we must fight them with all the forces we have and can get."

The President reported that allocation of the first appropriation of \$7,000,000,000 was completed on Nov. 13 and that allocation of the second appropriation of \$5,985,000,000 was "proceeding at an accelerated rate" with more than one-third already allocated.

A break-down of the total lend-lease aid of \$1,202,000,000 showed that it was in the following categories: Defense articles transferred, \$723,000,000; articles awaiting transfer or use, \$140,000,000; articles in process of manufacture, \$92,000,000; servicing and repair of ships, \$79,000,000; rental and charter of ships, \$92,000,000; production facilities in the United States, \$75,000,000, and miscellaneous expenses, \$1,000,000.

The total amount of aid extended has grown steadily each month since March, when it only amounted to \$13,000,000, and reached a new monthly high of \$283,000,000 in November. This compares with a previous high in October of \$225,000,000.

The President's report revealed that 32 countries and the British Empire have been declared vital to the defense of the United States, thus making them eligible for lend-lease aid. It was also pointed out that lend-lease countries "cover two-thirds of the earth's surface and contain nearly two-thirds of its population."

The quantities of non-military goods, which were also transferred during the first 9 months of the program include: meat and fish products, 535,742,451 pounds; milk products, 341,301,116 pounds; egg products, 87,438,813 pounds; fruits and vegetables, 548,091,424 pounds; grain and cereal products, 719,834,984 pounds; sugar and related products, 6,058,740 pounds; cotton lint, 13,094,955 pounds; raw cotton, 439,619 bales; leaf tobacco, 120,822 hogheads; petroleum products, 30,546,999 barrels; fertilizer, 447,162 tons, iron, and steel, 1,361,492 tons, and nonferrous metals, 63,012 tons.

regulation under the Act wherever, as is sometimes done, "coal is gotten out by employing a miner who in turn employs his own gang to assist him in the mine."

The Supreme Court's decision earlier this year was referred to in our April 19 issue, page 2480.

The President's report also called attention to the following:

Lend-lease aid alone is only a part of our total aid to those fighting the aggressors. Thus, since the beginning of the war, our exports to the British alone have amounted to nearly \$5,750,000,000, most of which was financed by the British with their own dollars.

There has been shipped to Great Britain food and farm produce totaling 2,796,000,000 pounds, valued at \$292,000,000, and the report said that Britain now is better off than a year ago with respect to food.

In Associated Press advices from Washington it was stated:

Britain, Russia and China have received the bulk of lend-lease assistance. Those and the 20 Latin-American republics, Egypt, Free Belgium, Free France, Greece, Iceland, The Netherlands, Norway, Poland, Turkey and Yugoslavia were listed as the eligible nations.

The President's letter of transmittal to Congress follows, in major part:

We are now engaged in a total war against a group of Axis powers led by Nazi Germany and bent on world domination. Their strategy is world wide. Ours also must be world wide.

Underlying the Lend-Lease Act was the conception that those who were fighting the aggression of the Axis powers were fighting our potential enemies. The Axis powers now have openly declared themselves to be our enemies. We must not only help others to defeat them. We must fight them, with all the forces we have and can get.

The world-wide strategy of the Axis powers must be met with equal strategy on the part of all the nations who are joined together in resisting their aggression. Accordingly, we must use the weapons from the arsenal of the democracies where they can be employed most effectively. And that means we must let Britain, Russia, China and other nations, including those of this hemisphere, use the weapons from that arsenal so that they can put them to most effective use. Too much is at stake in this greatest of all wars for us to neglect peoples who are or may be attacked by our common enemies.

The President's second lend-lease report, covering the period up to Aug. 31, was referred to in these columns Sept. 25, page 318.

Upholds Labor Board In Newark "Ledger" Case

The United States Supreme Court on Dec. 15 denied the petition of the Newark (N. J.) "Morning Ledger" for review of a National Labor Relations Board order holding that the discharge of Agnes Fahy, an editorial employee and sister of Charles Fahy, former NLRB general counsel, was discriminatory and a violation of the Wagner Act. Earlier reference to this case dealing with the reversal on April 17 last by the Third Circuit Court of Appeals at Philadelphia of its previous position was noted in these columns April 26, page 2633. In its April findings the Circuit Court decided in favor of the Labor Board in the Newark "Ledger" case.

Export Subsidy On Cotton Products Ended

Effective Dec. 20, rates of payment under the 1941-42 Cotton Products Export Program will be reduced to zero, the Department of Agriculture announced on Dec. 16. This program of the Surplus Marketing Administration, announced on July 2, 1941, as a continuation of the 1940-41 program, provides payments at specified rates for cotton products actually exported to foreign countries. The effect of the rate reduction, the Department said, will be to nullify the 1941-42 program, since no payments for the export of cotton products will be made after the effective date of the zero rate, except on transactions previously made and recorded. As to its action the Department said:

Department of Agriculture officials took this step largely as the result of the outbreak of war with Japan. Hostilities will prevent cotton products from the two countries from entering the same markets in any important volume, and in the absence of other important competition, continuation of the payments would be unlikely to increase substantially the exportation of United States cotton products.

From July 1, 1941 to Dec. 1, 1941, sales and deliveries of cotton products for export under the 1941-42 program totaled the equivalent of 250,763 bales of cotton, of which quantity only a small portion has been exported. Exporters have until Oct. 31, 1942 to export cotton products, the sales of which have been registered with an agent of the Secretary of Agriculture.

Sales and deliveries of cotton products for export under the 1940-41 program, from July 1, 1940 to June 30, 1941 amounted to the equivalent of 634,728 bales of cotton, while actual exports to Dec. 1, 1941 were equivalent to about 405,428 bales. Exporters have until Dec. 31, 1941, to export the cotton products sold before July 1, 1941 and in view of present world conditions, this period will not be extended.

O. J. Arnold On Life Insurance, Defense

In his address, opening the annual convention of the Association of Life Insurance Presidents in New York City on Dec. 11, O. J. Arnold, President of the Northwestern National Life Insurance Co. stated that in the past year life insurance companies alone have channeled back to the Government, through bond investments, sufficient of the people's savings to buy 11,000 pursuit planes, or 20,000 medium tanks, or sufficient to build for our Navy new battleships outnumbering those in our present fleet which is the most powerful in the world. The convention theme was "Life Insurance in Defense of Democracy."

At the opening session the convention in a telegram to President Roosevelt (as indicated in our Dec. 18 issue, page 1566), pledged "its utmost loyal and energetic support to every effort being made under your guidance as our Commander-in-Chief to defeat any challenge to the liberties of our peace-loving country."

Reporting on the year's record to top executives, Mr. Arnold said that insurance in force in the United States will reach a record high of \$124,000,000,000 by the year's end, an increase of 5% over a year ago, while new business written will show a gain of more than 10% over last year and payments to policyholders and beneficiaries will total \$2,550,000,000 of which some 61% will go to living policyholders. But, he said, "far more signifi-

cant than these favorable figures showing the vigor of our current activities, has been the impact of the events and trends of 1941, notably the war, upon our business and our thinking." Life insurance salesmen, comprising a highly skilled army working to encourage saving, are a powerful anti-inflationary force, Mr. Arnold said. Because life companies buy investments for income over a long pull, he stated their huge Government bond investments aid the Federal Government without constituting a threat to its credit as they will not be "dumped" after the emergency.

Like Charles F. Hobbs, who also addressed the convention, Mr. Arnold cautioned against yielding to pressure to invest in common stocks, as a solution to the low interest problem. Mr. Arnold said:

We are a business entrusted with the security of millions of people and it is dangerous to think in terms of solving the shortage of sound investments by opening the door to the use of insurance funds as risk or venture capital and to involvement of insurance management in the ownership or control of other enterprises. Historically, the only reliable safety valve in a period of decreased interest earnings in our business has been a higher cost for life insurance. While you and I deplore the thought of further increases in the cost of insurance to the public, in the business of supplying security there is only one choice as between higher cost or lower quality.

Plan To Provide Hawaii With Civilian Supplies

A program for supplying food, feed, and seed to meet civilian needs in Hawaii was announced on Dec. 17 by the United States Department of Agriculture. The program says the announcement, will operate through a revolving fund established with an initial \$10,000,000 made available from funds appropriated by Congress to the President. It will be administered by the Department's Agricultural Marketing Administration, recently established by Secretary of Agriculture Wickard consolidating the work of the Surplus Marketing Administration, the Agricultural Marketing Service, and the Commodity Exchange Administration.

"Under the program," Roy F. Hendrickson, Agricultural Marketing Administrator said, "required supplies of food, feed, and seed will be bought, shipped and stored as necessary for use in Hawaii." He added:

As needed, the supplies will be turned over for sale to civilians through regular trade channels in Hawaii. Distributors will pay for their supplies on the basis of the cost of the products on the mainland, plus transportation, storage and other handling charges. These receipts will be used to reimburse the revolving fund, continuing the operation as long as is necessary.

The program was developed in cooperation with representatives of Hawaii as well as those of other Government agencies, including the Bureau of the Budget, the War Department, Maritime Commission, and the Department of the Interior. It is stated that Hawaii has a population of around 423,000 and is dependent upon the States for the bulk of its supplies, especially food and livestock feed. The seeds to be shipped are intended to assist in the development of greater self-sufficiency through the cultivation of gardens and other crop production.