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On The Foreign Front

European Stock Markets

Modest trading has been the rule in recent sessions on the London securities markets, with the tone dull. The reverses in Malaya have depressed some areas of the great British market and have occasioned caution throughout. Fears of inflationary developments have modified, moreover, and interest in equities has lessened in consequence. The mood of the London market for the last week rather resembles the apparent resignation so long noted here in New York.

During the latter half of last week a little nervousness developed in tin, rubber and similar issues at London. Gilt-edged stocks were relatively firm, and industrials lost only small fractions. After a firm opening on Monday, the British market experienced fresh declines this week. Bargain hunters began to pick up tin and rubber shares, but oil issues turned quite soft. Latin-American securities lost their appeal when the Rio conference reports turned gloomy, Tuesday.

Markets in unoccupied France were firm in recent trading. Rentes are in good demand on soft money rates, and there is talk of extensive refunding of corporate obligations. Adequate reports remain lacking of the markets in Axis and occupied portions of Europe.

Churchill In London

Prime Minister Winston Churchill returned to London last Saturday, somewhat more than a month after he began his epochal journey to Washington for conferences on war strategy and production with President Roosevelt. The British war leader was greeted heartily by his countrymen, despite popular doubts about the grand strategy being pursued with respect to the European and Asiatic conflicts. A restlessness quite comparable to that in the United States prevails at present in England, owing to the gains made by the Japanese member of the Axis.

At the White House in Washington the arrival of Mr. Churchill in London was signalized by a public statement to the effect that a complete understanding had been reached on joint planning for present and future military and naval operations. This statement merely emphasized the obvious, for no hint of discord was heard while Mr. Churchill and his

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FROM WASHINGTON AHEAD OF THE NEWS

Several hours before the tremendous, internationally important, world shaking document—one that must have, indeed, made Hitler shake in his shoes—emanated from John L. Lewis to the effect that he had proposed a joining of the CIO and the AFL, his publicity staff, the most competent in Washington, had circulated among the Washington newspapermen, with the word that a terrific "blast" was coming from Lewis at a certain time. It was a beautiful build up and something with which the industrialists' publicity men, for some reason or another, have never been able to cope.

A New York "Times" reporter, with what might be called amazing enterprise, went beyond Lewis' statement. He "delved" into the subject, so to speak, and "learned" that the arrangements had gone so far that the slate of officials for the joint labor enterprise had been agreed upon—whereby George Meany of the AFL building trades would be President of the new set-up at $20,000 a year, and Phil Murray, head of the CIO, would be Secretary-Treasurer at $18,000 a year, and Bill Green, present head of the AFL, would be retired at $20,000 a year.

Other newspapermen, having written the dramatic story at its full face value, are now laughing about what happened when they called up Phil Pearl, the publicity man for Green. In effect this man said:

"It's mighty funny that you fellows get so excited every time John Lewis makes a statement and don't get excited when Bill Green makes one."

This gentleman has had his tribulations ever since Steve Early of the White House secretariat, got him his job with Bill Green several years ago. He was formerly a Hearst man and had been covering the White House.

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GENERAL CONTENTS

THE FINANCIAL SITUATION

It is most ardently to be hoped that the silly season which seems to have prevailed in many quarters ever since Pearl Harbor will very soon come to an end. Various groups which have seized what they appeared to regard as golden opportunities to strut and fret their hour upon the stage would do well to be heard no more henceforth. This war will not be won by stage management, nor by clever use of what has now become commonly known as "propaganda" or "publicity stunts." If labor leaders like Mr. Lewis wish to promote labor peace, let them take off their coats and go to work for the cause, meanwhile forgetting about the galleries. If Senatorial committees desire to serve the cause by constructive criticism, let them inform themselves about the subjects under stricture and confine their conclusions to those which the facts warrant—and be ready to supply evidence to support their allegations. If we wish to indulge in self-gratulation over the abundance of our resources and the record of our industrial achievement, let us do so, but let us not forget that resources, however abundant, will not win the war unless skilfully and vigorously employed for that purpose—and, further, let us at all times bear in mind that we have yet to demonstrate our ability to do precisely that, no matter what we may have accomplished in the arts of peace.

Above all let us, each and every one, be certain when we applaud, not to say demand, heroic action from the Government at Washington that we ourselves are quite ready to have it do what is demanded of it, and that we stand prepared so to shape our individual courses as to promote its achievement. The people of this country—not only the army and the navy, but the people—were not by a wide margin prepared for "total war" when Pearl Harbor was attacked. To be sure, we were crying out for all manner of measures short of war but almost certain to bring war—yet we were still clinging tenaciously to the delusion that we could do all this and yet remain at peace, or if obliged to go to war we should not be obliged to enter very vigorously or extensively into the contest. To be sure, we enthusiastically, even bombastically, enlisted as the arsenal of democracy, but there was little or nothing to

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The Simple Truth

The idea of increasing wages and income, agricultural income included, as the cost of living index goes up, is a fallacious approach to the problem of inflation. It should be obvious to all of us that the standard of living cannot be maintained. * * *

If this war is going to be fought on a basis of what we are going to get out of it instead of what we are going to put into it, then we are going to lose it. So long as the only interest labor has in the problem of production is to get greater wages, and so long as the only interest that business has in it is to get greater profits, and the only interest the farmer has is how he is going to get higher prices for his product, then we have many tears and much blood to shed.—**Marriner S. Eccles.**

Many times in the past we have felt ourselves obliged to disagree with Mr. Eccles, but in this instance we are certain that he speaks the unvarnished truth.

We are further convinced that his message is one of the utmost urgency. It is the failure of the American people in the past, and in more than one case at present, to understand or to appreciate these simple truths that underlies some of the most serious difficulties of the day.

Mr. Eccles would, we imagine, readily agree, moreover, that among those who need to come to grips with the realities of the situation are Tom, Dick and Harry in their capacity as consumers.

We want to win this war. We must win this war, but that we can not do without paying the price, each of us, in our daily living.

It is time that truth dawned fully upon us all.

Lumber Movement Week Ended Jan. 10, 1942

Lumber production during the week ended Jan. 10, 1942, was 32% greater than the previous holiday week, shipments were 5% greater; new business 5% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 9% above production; new orders 25% above production. Compared with the corresponding week of 1941 production was 14% less, shipments 15% less, and new business 0.5% less. The industry stood at 129% of the average of production in the corresponding week of 1935-39 and 129% of average 1935-39 shipments in the same week.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 40% on Jan. 10, 1942, compared with 31% a year ago. Unfilled orders were 20% greater than a year ago; gross stocks were 8% less.

Softwoods and Hardwoods

Record for the current week ended Jan. 10, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1942 Week	1941 Week	1941 Previous Wk. (rev.)
Mills	447	447	443
Production	192,866	223,838	146,067
Shipments	210,969	247,936	201,230
Orders	241,349	242,548	253,399

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	368	93
Production	182,611—100%	10,255—100%
Shipments	201,011—110%	9,958— 97%
Orders	231,042—127%	10,307—101%

Chain Store Sales Index

The chain store trade in December enjoyed the best business in its history. Total sales were the largest on record in point of volume as well as from seasonal standpoint.

The "Chain Store Age" index of sales for the month rose to 157 of the 1929-1931 average as 100, from 151 in November. The December, 1940 index was 128, indicating an increase this year of 22%.

The index figures for December by groups compare as follows:

	Dec., 1941	Nov., 1941	Dec., 1940
Variety Chains	160	153	140
Shoe	185	170	164
Apparel	178	162	149
Drug	175	153	151
Grocery	147	145	112

Oct. Gas Co. Statistics

The American Gas Association in January, 1942, reported that revenues of manufactured and natural gas utilities amounted to $68,640,700 in October, 1941, as compared with $64,912,800 for the corresponding month of 1940, an increase of 5.7%. Revenues from industrial and commercial users rose from $23,564,700 a year ago to $27,116,700 in October, 1941, a gain of 15.1%. Revenues from domestic uses such as cooking, water heating and refrigeration, etc., amounted to $41,524,000 in October, 1941, a gain of 0.4% over the figures reported in 1940.

The manufactured gas industry reported revenues of $31,796,400 for the month, an increase of 1.9% from the same month of the preceding year. Revenues for industrial purposes increased 22.2% while commercial revenues increased 1.2%. Revenues from domestic uses were 0.8% more than for the corresponding month of 1940.

The natural gas utilities reported revenues of $36,844,300 for the month, or 9.3% more than for October, 1940. Revenues from sales of natural gas for industrial purposes gained 19.4%, while the increase in revenue from sale for domestic purposes was 1.3%.

Editorial—

Reciprocal Tax Immunity

Signs are multiplying that another test soon will be made of the reciprocal tax immunity of Federal and State instrumentalities, which the Administration in Washington desires to terminate through a simple assertion of power to subject State and local government securities to Federal income taxation. In the heated arguments of the last few weeks hardly a reference has been made to the question of method involved in this long-standing dispute. If so-called tax exemption is to end, however, then the sovereign right of freedom from taxation by the central government should be surrendered by the States only under agreement, which is to say by way of a Constitutional Amendment.

President Roosevelt opened the latest phase of this battle in his budget message of Jan. 7. "It seems right and just that no further tax-exempt bonds should be issued," the President said in this document, and he expressed the "personal belief" that income from outstanding state and local government bonds is taxable under the Income Tax Amendment to the Constitution. As in his special messages of April 23, 1938 and Jan. 19, 1939, Mr. Roosevelt once again recommended legislation to tax all future issues of this character. The previous recommendations, it may be added, failed utterly to further the Presidential contentions. They led to investigations which established, beyond any question, that this is a much overrated financial issue, but a very delicate and significant political issue.

The political aspect vastly overshadows the financial aspect because it goes straight to the heart of our peculiar American system of dual government. Nothing is clearer in jurisprudence than the immunity of a sovereign from taxation by another sovereign. In our own system the States, as untrammeled entities, granted to the Federal Government specific powers and reserved to themselves or to the people the powers not so specifically granted. Every test before the Supreme Court, without a single exception, has sustained since the beginning the immunity of each governmental entity from taxation by the other, where such taxation touched the underlying concept of sovereignty.

Thus it is that this question of state and city bond immunity from taxation by the Federal Government runs to the foundation of our system of divided and delegated powers. Up to the time of the Civil War it was the Federal Government that was overshadowed by the States and had to defend itself before the Supreme Court from submergence by the several States. After that conflict ended the trend turned the other way, and the States have been defended time and time again from the steadily growing power of the Federal Government and the efforts at Washington to curtail, if not discontinue, the sovereign rights of the States.

But all of this has been ignored in the renewed controversy over the matter, which bids fair to continue indefinitely and to become ever more acute as Federal taxation increases. Federal spokesmen invariably endeavor to limit the issue to a "matter of equity," and phrases loaded with moral connotations, such as "right and just," flow readily from the pens of the Federal advocates.

Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, last week joined the battle, by asking the Mayors of American cities at their annual convention not to oppose the President on this matter. Mr. Eccles obviously was unaware of some basic financial considerations involved, for he dragged in consumer purchasing power and the threat of inflation as reasons for conceding to the Federal Government this power of taxation over the States and their local units. The Mayors were so little impressed that they promptly and unanimously adopted a resolution reiterating their "determined opposition" to Federal taxation of State and City securities, either by statute or by administrative or judicial decree.

The Conference on State Defense, of which New York's Solicitor General, Henry Epstein, is Chairman, cut the ground completely from under Mr. Eccles, by pointing out in a general statement that Federal taxation of future issues of State and City securities would be unproductive for ten to twenty years to come. Such a Federal tax would burden and impede local borrowing power and accomplish little else, in a financial sense, Mr. Epstein said. He cited the statistics of the United States Treasury, itself, as showing that hardly any revenue would be available from taxation even of outstanding bonds.

In recent years the most penetrating analyses of the purely financial side of this question have been made, largely because of the earlier messages from Mr. Roosevelt to Congress. Such analyses show conclusively that the situation is quite as Mr. Epstein depicted it. A Senate minority report, which a substantial majority of the Senate subsequently sustained, recognized this more than a year ago. Mr. Roosevelt's proposal was blasted in that report as "economically unsound and unconstitutional."

There remains the strictly Constitutional and appropriate method of dealing with this thorny problem. This is the method of a Constitutional Amendment, which almost all skilled Constitutional constructionists regard as the only proper approach. Such an amendment would settle the issue in accord with the requirements of our dual system of government. Even a Federal administrator with real vision should prefer this method, for a properly drawn amendment would safeguard not only the States from Federal encroachments, but also the Federal regime from State encroachments. As the fabric of time is woven, the strands once again may spell out an ascendency of States and of local units over the Federal Government.

Editorial—

Money As A Standard For Deferred Payments

Experts in monetary science commonly agree that the legitimate and necessary functions of sound money are fourfold. In their view these functions begin with those relating to current exchanges, which require facilitation (1) by recourse to a monetary unit capable of serving as a common denominator of values in exchange and (2) as the basis of a sound currency generally acceptable as a medium of payment in commercial transactions. Satisfactorily performed, these concurrent functions contribute vastly to the efficiency of the economic organization of society, simplifying the processes of production and exchange, increasing the productivity of labor and capital by facilitating division of labor with specialization and localization of productive functions, and by eliminating necessity for resort to the cumbersome and inadequate processes of barter. But a sound monetary system must do more than that. It must (3) supply a tolerably stable standard for deferred payments and (4) be capable of serving acceptably as a means for the storage of values providently accumulated against requirements and demands certainly or contingently accruing or likely to accrue in the future.

Agreements calling for deferred or future payments are naturally and usually written in terms of the local monetary unit of value. Hence, in the United States, demand and promissory notes, time certificates of deposit, drafts and acceptances, individual and corporate bonds, life insurance and other insurance contracts, contracts for life and term annuities, the preference provisions of preferred stocks, and the paper evidences of private and public indebtedness, are, almost absolutely without exception, written in terms of dollars and multiples of dollars.

The Dollar Is What The Congress Says It Is

But what is the dollar? Before 1933, the dollar of the United States was statutorily defined as 25.8 troy grains of nine-tenths fine gold. By Presidential decree, or proclamation, promulgated under legislative authority accorded by a statute of Congress, the statutory definition was superseded soon after President Roosevelt's first inauguration and the fine gold content reduced two-fifths to 15 5/21 grains. Moreover, President Roosevelt obtained from Congress additional authority, which he still retains, further to diminish the gold value of the nominal monetary unit to any amount not less than 12.9 grains, so that, as the law now stands, an additional degradation equivalent to 15.34%, or nearly one-sixth, of the present reduced value can still be achieved whenever the Chief Executive so determines. Repeatedly, efforts have been made by leaders in Congress and outside of Congress, to withdraw this extreme delegation of legislative authority to the President. As frequently as these efforts have been made they have been combatted with every power of persuasion and coercion which the White House can bring to bear upon Congressmen and Senators, and invariably the consequence has been the renewal or extension of this abnormal authority over the basis of the monetary system of the Nation. That is by no means all that has happened to undermine the American dollar and to destroy it as a standard for deferred payments and as a store of values against accruing demands and obligations. The executive and legislative tampering with the historic and established standard of value, in 1933, led to a series of interpretive decisions by the highest Federal Court, the net result of which, supplementing the legislative and executive action described, was to leave the United States wholly without any standard dollar capable of being used in the measurement of future payments, and not susceptible at any time of modification, despite the objection of any party to any existing contract. The President, under the law as it now stands, possesses power to reduce the obligation of every contract for any sort of future payment by almost one-sixth of the nominal amount that it appears at this moment to represent, while Congress and the President together, or Congress alone by a two-thirds vote, may effect any greater degradation of the yardstick, or dollar, that may be determined upon. Consequently, when any American, under present conditions, deposits money in any domestic bank, purchases a private or public note or bond, acquires an interest under any insurance policy, or buys an annuity payable to himself or to another, he obtains nothing but a promise to pay dollars conforming to whatever definition the President and Congress may have determined to prescribe by the time the right to receive payment accrues and at the date on which payment is in fact demanded and received. He acquires only a paper promise to make a paper payment, perhaps another promise to pay dollars of a different and lower intrinsic quality.

Contractual Security Prohibited

Executive and legislative action, beginning in 1933, did not stop with weakening the dollar as a standard for deferred payments and the currency as a store of values, but it prohibited and penalized contractual provisions that, if allowed to remain effective, would have secured the holder of obligations against losses from such action. The agitation led by William J. Bryan, in 1896, for the establishment of a bi-metallic currency with free coinage of both silver and gold at a weight ratio of sixteen ounces of silver to one of gold, was regarded by holders of all classes of bonds, insurance policies, annuity contracts, and by great fiduciary and endowed institutions, as threatening the integrity of their properties and investments by providing that future payments might legally be tendered and made in largely depreciated money. To meet that exigency most business men, investors, and lawyers believed that it was quite sufficient to provide that the future payments must be made "in gold coin of the existing weight and fineness." Reduction of the gold-content of the standard dollar, in 1933, would not have harmed annuitants, holders of insurance policies, depositors in savings banks and commercial banks, endowed charities and educational institutions, or owners of private or public bonds, if this "gold-clause," which had become almost universal, had been permitted to remain in effect. But Congress legislated to nullify this clause in pre-existing contracts, including those of the United States, and to prohibit its inclusion in future contracts. And the Supreme Court, to the surprise and indignation of most competent lawyers, sustained this impairment of contractual obligations, theretofore freely made, and approved the limitation upon future contractual powers. Therefore, not only is the United States today deprived of any certainly stable standard of deferred payments but the right of private contract to insure against statutory and compulsory reduction of such eventual payments has been effectively denied.

The power of the President and Congress in this regard has no limit whatsoever. Having already deprived the standard gold dollar of two-fifths of its intrinsic value; having taken it out of circulation and made the paper currency irredeemable except at the pleasure of the Administration; having penalized any holding of gold coin or bullion by its citizens, individual or corporate; having made contracts providing for alternative options as to the media of payments unlawful; the authority of the Government in these premises has not been exhausted. Power that could cut the standard dollar from 25.8 grains to 15 5/21 grains, and authorized the President to make, at will, a further reduction to 12.9 grains, cannot be challenged on account of the even more extreme degree of some future degradation. As lawfully as Congress authorized and permitted Mr. Roosevelt's 1933 reduction of 40%, any other Congress, now or hereafter, is empowered to degrade the intrinsic gold value to five grains or one grain or even less. If that threat does not seem to any one to impend over all promises to pay in the future, whether private or public, it must be because that one has an unaccountable faith that what the past has witnessed and what many other countries have endured will never be repeated, even under extreme incitement of circumstances, in the United States.

Inflation

Congress, during the latter half of the session that closed in December, and so far during the present session, has struggled rather unsuccessfully but with degrees of determination widely varying within its membership, over one side of the great problem of wartime inflation. It is seeking, with a great deal of reluctance and considerable stress of dread of economic and political perils, to find terms and measures with which to restrict excessive increases in prices and wages and thus in the cost of living according to customary and suitable standards. That is one side of an important problem which must be dealt with. Inflation, however, is always two-sided. Prices and wages rise with demand and scarcity, the latter sometimes artificially created. They rise, quite as certainly and often much more abruptly and violently, when money loses the attractiveness which rests entirely upon public confidence that its capacity to perform all its legitimate and essential functions will continue undiminished. This is the other side of the problem of inflation. It was upon this side that John Law's conception of printing-press money led to confusion and bankruptcy in France; that the assignats of the French Revolution lost all their value; that the Continental currency of this country left its lasting legacy in the aphorism, "not worth a Continental;" and that the Confederate paper money of 1861-1865 fell to its value as old paper or to collectors of curiosities in the shape of worthless fiat money. The unsoundness in the monetary system here described is known, of course, to every competent legislator, to every banker, and to every well-advised investor. It is not one incapable of correction at this time, while the gold resources of the United States stand at a very high level and its economic strength has not been notably diminished. Correction is still a simple problem which a courageous and determined Congress can solve whenever it chooses to act with vigor and resolution, independently of pressure from another department, pressure that cannot be less than irrational without being motivated by purposes inimical to the general public welfare. To attempt to deal effectively with the other and less dangerous aspect of inflation, while leaving everything that ought to affect confidence in the circulating medium itself in its present chaotic and threatening condition, would be unspeakably fatuous and wholly futile. It would be like boarding tightly the south side of a house in a polar latitude while leaving the north side completely open to the weather.

The State Of Trade

Business activity forged ahead considerably, with most of the leading industries showing substantial weekly gains. Carloadings, electric output, steel operations, lumber production and automotive activity reflected the increased tempo of war production.

Retail dollar volume during the week exceeded the same 1941 period by from 13 to 20%, making for the largest margin of improvement recorded for any week in several months excepting that immediately preceding Christmas, Dun & Bradstreet reported. The Middle West averaged 15 to 25% higher in retail sales, although several major cities were beginning to note the adverse effect on trade of growing priorities unemployment.

Department store sales on a country-wide basis were up 32% for the week ended Jan. 10, compared with the same week a year ago, it was shown in weekly figures made public by the Federal Reserve System. Store sales were up 21% for the four-week period ended Jan. 10, compared with last year.

Electric power output for the week ended Jan. 10, 1942, was reported by the Edison Electric Institute to have reached 3,480,344,000 kilowatt hours, close to the peak production of 3,495,140,000 kilowatt hours realized during the week ended Dec. 20, 1941.

The energy available for distribution during last week exceeds by 15.9% the output for the same week last year, and represents an increase of 5.8% over the previous week's production.

An increase in the nation's carloadings to total of 737,172 cars was reported by the Association of American Railroads for the week ended Jan. 10. This represented a gain of 60,638 cars over the previous week, reflecting chiefly greater traffic in less-than carload merchandise and a substantially increased movement of coal.

However, the report indicated that severe weather conditions in many sections of the country had held the recovery in rail traffic below seasonal proportions.

An advance in automobile production this week is announced by Ward's Reports, Inc. It estimates output at 75,625 cars and trucks. This compares with 60,190 last week and 124,025 in the corresponding 1941 week. However, Ward's does not anticipate any further significant increase in automotive production. It reports that a study of the defense operations of automobile plants showed that speed is being made in converting factories from civilian to military tasks.

Engineering construction awards for the week total $83,262,000, a decline of 41% from a week ago, and 7% under the volume for the corresponding week a year ago, as reported by "Engineering News-Record." Public construction is 44% lower than last week, but 42% higher than in the 1941 week as a result of the 114% increase in Federal work. Private awards are 9% under a week ago and 70% below the total for the week last year.

Engineering construction awards in 1941 totaled $5,868,699,000 for the highest volume on record, 47% above the previous high set in the preceding year, according to "Engineering News-Record" reported this week. 65%, or $3,823,397,000 of the total was for defense jobs, the trade magazine said.

With further demand for building and material for additional munitions plants expected, steel production last week receded one-half point to 96%, due entirely to lack of scrap, according to the magazine "Steel." Lines are being drawn tighter in the steel industry, it is pointed out, and in most products high priorities are covering production almost to the exclusion of civilian supply.

Meanwhile, says "Steel," every means possible is being used to keep production close to capacity and in spite of obstacles output is maintained at record levels. "While lack of scrap continues to hamper production," the magazine continues, "many open hearths being idle for that reason, labor interruptions no longer cut into working time, which is a distinct gain compared with last year.

Steel production is scheduled this week at 97.7% of capacity, against 97.8% a week ago, 93.4% a month ago and 96.5% a year ago, the American Iron and Steel Institute reported. The schedule for the current week is equal to output of 1,614,200 net tons, against 1,615,800 tons the week before and 1,557,400 tons for the corresponding 1941 week.

Although national income this year will be some $10,000,000,000 greater than last year, money income of consumers available for purchase of commodities and services may be no greater than it was last year, authoritative quarters state.

Incomes of industrial workers will be some 15% greater than last year, according to the Bureau of Agricultural Economics. These incomes will thus be double what they were at the beginning of the war.

Higher taxes on individual incomes is expected to hold consumer purchasing power to about 5% above last year. When the higher sales of defense bonds are added, purchasing power will be about the same as last year. This purchasing power situation is not likely to be reflected in retail trade until later in the year. Lower income groups have been affected relatively little as yet, and are not likely to feel the pinch until higher social security taxes, possible withholding taxes and greater participation in defense bond purchases reduce their income.

Export Freight Permit Plan Adopted by Roads

Railroads handled to North Atlantic ports in 1941 approximately the same volume of export freight as in 1918, yet traffic moved into those ports in the past twelve months has been handled smoothly and without congestion by the railroads, the Association of American Railroads announced on Jan. 17.

In regard to the Pacific Coast ports, the A. A. R. said, the railroads have placed in effect a permit system to regulate the movement of export freight into those ports. Under that plan, commercial export freight consigned to Pacific ports will not be accepted by the railroads unless steamer space has been definitely allocated for such shipments. This plan has been placed in effect to prevent excessive accumulations of commercial export freight at those points and the use of freight cars for storage purposes. It means that the volume of export traffic moved by the railroads to the West Coast will depend entirely on the number of ships that are available to handle that traffic.

Export freight handled at North Atlantic ports—Portland, Maine, to Hampton Roads, Virginia, inclusive—amounted in 1941 to 414,429 cars, excluding grain or coal, compared with 346,913 in 1940, or an increase of 19.5%. In 1918 such traffic handled through those ports totaled 416,011 cars. In other words, the volume of export traffic handled at North Atlantic ports in 1941 was 99.6% of that during 1918, the peak year of the World war. The total number of cars, domestic and export, unloaded at the Port of New York alone in December, 1941, was 106,405 compared with 100,186 in December, 1918.

Cars of grain unloaded at North Atlantic ports increased from 27,060 in 1940 to 44,486 in 1941 or 65%.

Export traffic moved into all ports along the Atlantic, Gulf, and Pacific Coasts in 1941 amounted to 632,079 cars, excluding grain and coal, compared with 535,141 in 1940, or an increase of 12%. Grain unloaded at those ports increased from 34,427 in 1940 to 48,661 in 1941, or 41%. Coastal traffic decreased 10%.

THE FINANCIAL SITUATION

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indicate that we were ready to place democracy's guns above our butter.

Obviously the bombs dropped on Pearl Harbor did violence to many of these notions. The immediate response was a wave of great indignation, a violent demand that we return an eye for an eye and a tooth for a tooth, and loud avowals of unity, patriotism and all the rest. But the vocal chords can afford no test of patriotism, nor can determination to win be demonstrated with fine phrases. It was at once evident to all thoughtful men that, whatever the cause or whose-ever the blame, we were in for a trying period of very considerable duration. The course of events soon made all this clear, or should have made it clear, even to the wayfaring man. Very little consideration was necessary to convince every one that if this unpleasant business was to be brought to an end as promptly as circumstances permitted, titanic efforts and very considerable and very general sacrifices would be required of us all. A great many of our people are without doubt now fully prepared to pay whatever price may be necessary, but, with deep regret be it said, there are evidently a number who are not so prepared.

Partial Support For Total War

Here lies one of our greatest dangers. It must be disheartening indeed to those who must bear the burden of prosecuting this defense effort and this war to find the agricultural population—one must suppose that it supports the Congressional recalcitrants—demanding not only that it remain upon the public payroll but that it be made the subject of special treatment at the expense of the remainder of the people in the matter of prices. The wails that have risen to the welkin in Detroit from the throats of wage earners concerning the hardships they think will be imposed upon them by reason of the "conversion" of the motor industry to war production must of necessity have the same effect. The rush of a great many to lay in surplus stocks of all sorts of goods they think may presently become scarce, likewise speaks volumes. Savings banks deposit figures, which show that in very large part the recent purchases of savings bonds merely represent a sort of "switching" operation from one type of investment to another, scarcely suggest what the bond sales figures otherwise might. All in all, the question remains open as to whether the American people by and large are prepared for the program that has been and is being laid out for them with their apparent vocal support.

The success of our entire effort will be placed in serious jeopardy if we are not so prepared or do not become so very quickly. The President has very recently made sweeping changes in the machinery responsible for military supplies and the like for the purpose of eliminating the confusion and mismanagement which heretofore have ruled in this business. He has made a successful business man responsible for this essentially business endeavor, and he has clothed him with ample authority. Precisely how he will meet this enormous responsibility can not, of course, be determined in advance, but it can be said that only by some such procedure as this can we hope for success. One thing is certain. That is, to succeed, Mr. Nelson, upon whom we must all now rely so greatly, must promptly, even ruthlessly, issue orders and initiate steps which can not fail to impose hardships upon us all. They have begun to come even now, and many more must follow. Will he have the full support of the American people? If not, he is foredoomed to failure. If with each step he must meet the hostility of a Washington lobby, or if as one after the other of these limitations are imposed upon us we raise a hue and cry—or, for that matter, if we do not unite to frown out of countenance each group which undertakes to make itself sui generis in these matters—then there is no reason to hope for success and certainly no reason presently to blame him for failure.

The first task for the American people is to be certain that the beam has been cast from its own eye. Then it may in the future well complain, if occasion arises, of what is taking place in Washington.

"Conversion"

Again, it is of great importance that we be careful not to permit ourselves to be deceived by glib phrases which often make many difficult, time-consuming, intricate tasks appear absurdly simple. "Conversion" of plants from the manufacture of peace time products to the production of such articles as tanks, planes, guns and the multitude of other items of material is most certainly not a mere matter of "tolerances" (a now popular term for accuracy). Far from it. The tools which make our passenger automobiles and countless other mass-produced articles of ordinary peace time consumption are for the most part highly specialized mechanisms. So must those be which are capable of mass production of armament. To suppose it is possible that by a few relatively simple changes, such as characterize the "tooling up" for a new model car, such tools can be converted from one use to the other would be about as wide the mark as supposing that by turning a screw here and there, adding an attachment or two, or refining some part of the mechanism it would be possible to convert a linotype machine into a Diesel engine.

Some Things To Remember

It is difficult to guess what part of the allegations of "unconscionable" profits from defense contracts and even stark corruption in the administration of the defense program is true and what part is merely "politics." It would scarcely be surprising if a certain admixture of both were to be found, the circumstances being what they are. Certainly the earnings statements of the larger corporations give little evidence of excessive profits. Of course, nothing can be said in defense of either "gouging" or corruption, no matter where found. Such charges as have been made involving these practices must in due course, so far as they appear to have substance, be fully investigated and appropriate action taken. It is important, however, to realize that these things relate to the past. Governmental machinery has now been extensively overhauled, and the quality of management henceforth, we must all hope, will be a great deal higher than heretofore. It must be part of the duties of Mr. Nelson and his associates to see to it that such misconduct in the future is eliminated or at the most held to a minimum. But in the circumstances the big problem is production, unprecedented, "impossible" production. It would easily be possible to permit arguments about profits and the like to get seriously in the way of production. What we want, and what we must have now, is an unprecedented number of planes, tanks, ships, guns and the rest—all, of course, of first grade quality. We naturally want to get them as cheaply as possible, but we must have them whatever the cost—and let it not be forgotten that under existing and probable future tax arrangements it is not easy to keep exorbitant profits, even if they are made.

About the best that can be said for Mr. Lewis and his alleged "labor peace" effort is that this gentleman is still bent upon fishing in troubled waters. The divided status of the so-called labor movement in this country has without question given rise to many difficulties. About equally certain is it that it will continue to be troublesome in the future quite regardless of the Lewis stage management. Many of our troubles in this field have, however, stemmed from other causes, and they too can not be counted too certainly as things of the past. But in labor matters, also, the more serious aspects of the situation have to do with matters which restrict production, and here, too, we should do well to judge the temper of labor and the quality of labor leadership by what takes place in the future rather than what has happened in the past. One thing is certain, and that is that henceforth we can not afford to tolerate labor tactics which interfere with maximum production. We must, of course, do what is possible during this emergency to limit those evils which almost invariably arise upon such occasions, but the big thing is to get along with winning the war.

These are some of the considerations we should all do well to bear in mind during this season of bickering and petty intrigue here at home.

Lower Exemptions And Withholding Tax Are Advocated By Eccles To Finance Defense

The lowering of income tax exemptions from $1,500 to $1,200 in the case of married persons and from $750 to $600 as to single persons was advocated on Jan. 19 by Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System in discussing proposals incident to the financing of the Nation's defense program. Mr. Eccles, whose views were expressed before the mid-winter meeting of the New York State Bankers' Association, held in the auditorium of the Federal Reserve Bank of New York, likewise proposed a reduction in the $400 exemption for dependents. He declared himself "unalterably opposed" to a general sales tax, and stated that "the practical job of collecting income taxes seems to me to call for a withholding tax." Mr. Eccles observed that "We have been gradually, over the last year or so, adjusting ourselves to huge government expenditures, in comparison with what we thought in the past were huge expenditures. But what we have done in the past, when measured by the recent budget requirements, fades into insignificance." In part he went on to say:

To give you a comparable picture, in June of 1940, we were spending for our entire defense effort about $150,000,000 a month. At the present time we are spending $150,000,000 every three days. By the time we are carrying out the present program called for by the budget we will be spending $150,000,000 a day. We must step up our present expenditures three times. We are called upon to spend for defense more than half of our entire national income, more than $50,000,000,000. Up to the present time, we have had but little inflationary development. The reason for that is due largely to the fact that we had a great slack of both manpower and productive facilities that were not being utilized to their capacity. Thus, during the past two years we have been in the process of building up our national income from around $70,000,000,000 to around $100,000,000,000, through the more complete and full utilization of our manpower and our productive facilities.

No matter what the income in dollars of our people may be, labor, agriculture, and business, there is only going to be so much left over after the requirements of our war effort have been met. What is going to be left over is going to be increasingly less as the war requirements increase. It is therefore important that the funds available for the purchase of a diminishing supply of goods and services likewise be less, or that they be diverted into public financing.

The idea of increasing wages, income, agricultural income included, as the cost of living index goes up is a fallacious approach to the problem of inflation. It should be obvious to all of us that the standard of living cannot be maintained, and when an effort is made to increase wages, salaries and income to meet increased living costs, all we are doing is feeding an inflation cycle. You are increasing the purchasing power without increasing the supply of goods available, because that is something that there is a limit to.

There are two ways of getting the money to finance the defense program. One is through taxes, and the other is through borrowing. Both of these methods, of course, will have to be used in increasing amounts. $100,000,000,000 national income about the amount of our present national income, and that income will likely go to possibly $110,000,000,000, maybe as high as $125,000,000,000, depending upon the success of holding the price structure in line.

Any such an income as that normally gives to the people of the country a great amount, a great volume of funds for new investment, and that would be after providing for a very great volume of consumers' durable goods, and that would be after paying very substantial taxes. It would seem to me that out of that national income we could collect $25,000,000,000 to $30,000,000,000 of taxes. Say the national income is $110,000,000,000, which it may well be in the fiscal year '43, from next July to July '43, the period covered by the budget. That would leave from $80,000,000,000 to $85,000,000,000 after Federal taxes were paid. Any such national income as that certainly would make available $15,000,000,000 to $20,000,000,000 of savings that would normally be used for good investment.

The present budget picture calls for receipts in the next fiscal year of approximately $28,000,000,000 and this means under the present tax law, it is estimated about $19,000,000,000 will be collected by the Federal Government in taxes. It means that we must collect in accordance with the President's program approximately $9,000,000,000 of additional funds. The proposal is to collect $2,000,000,-

000 of that from Social Security, and to collect $7,000,000,000 from new additional taxes. That means that corporation taxes, excess profit taxes, will have to be substantially higher than at the present time. It would seem to me to indicate that excess profits will be almost a thing of the past, but I don't know why that shouldn't be the case. It means that surtaxes on individuals will have to be increased.

If we would look at the Canadian and the British picture we will get some idea of the amount of increase in taxes that will be necessary if we are going to collect one-half of our public expenditures in taxes. If we are spending over half of our national income and are going to collect one-half of that in taxes, then you can see about the kind of rates that are going to be necessary. It means there will be less exemption for inheritance and gift taxes. It means there must be higher rates in both of these categories. It means—it would be my view, at least, that it should be done —that the exemptions which are now $1,500 and $750 should be further reduced, possibly to $1,200 and $600. The exemption for dependents of $400 will likewise have to be reduced. It will be my view that it would be more equitable, and would be more sound, to reduce those exemptions than it would to put in a general sales tax. I am unalterably opposed to a general sales tax. It is a regressive tax and not a progressive tax. It is based upon no principle of equity, no relationship whatever to ability to pay. There is a subsistance wage that is absolutely essential for the maintenance of health and moral in this country, and certainly an exemption of $1,200 for a married couple, or $600 for a single person is not excessive, and that amount certainly is about the minimum that is essential for food, shelter and clothing, even in a war economy.

The practical job of collecting income taxes seems to me to call for a withholding tax. Certainly where so many people will be subject to income tax as is now the case, and as would be the case even to a greater extent if the exemption is reduced as I have indicated, a withohlding tax at the source would greatly lessen not only the expense of collecting the tax, but it would collect the tax at the time the income was received and would avoid the recipient of that income spending the funds only to find a year later, when the tax was due they didn't have the funds. It is essential, it seems to me, to have a withholding tax in order that the inflationary effect of the government expenditures would be reduced, by avoiding the lag between the expenditure and the time the taxes are paid.

If other taxes could be paid on a quarterly basis, even beyond the withholding tax, based upon estimates, it seems to me that that might likewise help to avoid the inflationary effect by the Government recovering as rapidly as possible some of the expenditures that it would be making.

I have always had in mind that the withholding tax would be deducted from the income tax that would be due in the following year. For instance, whatever revenue bill is passed in 1942, the income tax under that revenue bill would fall due in 1943. If the exemptions, as I have indicated, are reduced, and if the income tax rates are increased, then whatever revenue, or whatever tax that would call for in '43 would be lessened by the amount of any withholding tax that had been collected in the year 1942. If we are going to avoid a sales tax, such a proposal as that would seem to me to be one of the practical and equitable ways of meeting the problem. I think that there has got to be an increasing amount of what I call excise taxes, rather than a general sales tax. The excise tax should be applicable to those goods in particular that are needed for defense purposes. On those goods where the amount available for civilian supply is very restricted, an excise tax would dampen the demand for those goods. But to put an excise tax on essential foods, on rents, on essential clothing, on drugs and medicines that are essential, it would seem to me to be unwise and unequitable.

With reference to the question of how the job should be financed aside from the tax program, I have only spoken very generally about the kind of a tax program that I think is essential. In that connection, though, I would like to read just one paragraph from the President's budget message on this subject, because it will give you, if you haven't read it carefully, at least what his views are with reference to this question of taxes. Specific tax proposals were not, of course, included in the President's message. He suggests that progressive taxes should be strengthened by closing loopholes. Exemptions in estate and gift taxes should be lowered and the privileged treatment given certain types of corporate business should be reexamined. Excessive profits should be recaptured. In addition to these suggestions, the President believes that the time has come for extraordinary tax measures to combat inflation, and he urges Congress to give careful consideration to tax measures which have been suggested for that purpose, such as income taxes collected at the source, payroll taxes—he mentions the Social Security taxes; that is taxes that would be added to the Social Security fund—and excise taxes. He also recommends that Congress should consider the desirability of tax legislation which makes possible quick adjustment in the timing of tax rates and the collections during the emergency period.

In spite of the kind of a tax program that seems to me to be in the making, it is going to be necessary to borrow a very large amount of money, something around $30,000,000,000. It is essential that that borrowing be done outside of the banks.

We have at the present time in the banking system already created what I speak of as deposit currency, as well as actual currency in circulation, very close to $50,000,000,000. That is almost double the amount of funds that we had in 1929. These funds, of course, are owned by our depositors. The bank does not loan these funds. The banks loan their excess reserves, or they loan funds that they may borrow from the Federal. The owners of these funds —and I am not speaking of the savings funds. I am speaking of the demand deposits which at the present time have a very low, or what we term a slow velocity. I am speaking of the great amount of currency that is not being utilized, a lot of it is hoarded. I would like to see those idle funds and idle currency, so far as possible invested in Government securities. It is true that they do not create inflation so long as they are lying idle, but they are a potential inflationary threat, and if they are not utilized, it will become necessary for the banks to do more and more of the Government financing and to the extent that they do, they increase the total supply of deposit currency. It is that process that is fraught with danger.

I have suggested that a short term tap issue be put out, that might run two years, three years, four years, five years, that would have, say, a coupon on it of one rate for the first six months, a little higher rate for the second, a little higher rate for the third, higher rate for the fourth, and so on, with an average rate depnding upon the period in which the tap issue was permitted to run, such an issue to be a non-negotiable issue, to be available not to the banks but to other investors, that it be issued in amounts of, say, not less than $1,000, and that at any interest payment date, upon 30 days' notice, it could be cashed in. That would give the holder of a security of that sort a six months' investment, or a three or five year investment, depending on how long they wanted to carry it, and there would be no loss in principle, there would be no depreciation. They would get an interest return based upon the time in which the Government was permitted to use the funds.

It has seemed to me that there are possibly $7,000,000,000 or $8,000,000,000 available in funds in the banks for that sort of an issue. You may say, "Well, we don't want to lose these funds." The point is, you don't lose the funds, because the funds will be coming right back to you as fast as they are going out. The funds that the depositors in your bank invest in Government securities, the Government immediately spends those funds.

Then we could have a long term tap issue, say a 15-year, 2½, which would merely be an extension of the 12-year series G without the limitation of $50,000, which would be available to the institutional type of investor, such as our insurance companies, savings institutions, savings departments of commercial banks, on some limited basis. In other words, I am not wedded to any particular type of issue, but it does seem to me that we must design our financing to meet the requirements of the investor, every type of investor, that we must try to bring in all of the funds from every possible source that we can, and then if with the type of Government financing that has been indicated, with the kind of a tax system that has been indicated, the Government is not getting sufficient funds to take care of its current outgo, the banks should be used, and an offering should be made to dealers and the banks of short term securities, up to 8 and 10 year bonds. Those would be market issues, the banks to be favored in the allocation.

There seems to be abroad the idea that the Government is going to force people with funds to invest in Government securities, and there has been some currency hoarding, I think, as a result of some people feeling that their funds might be forced into Government securities. There never was a more fallacious rumor. There is not the remotest indication or desire. I am sure, on the part of the Government to force those with deposits in banks to invest those funds in Government securities. What the Government is primarily interested in is to induce people to save currently. It is more important that the current income be invested in the Defense Bonds than it is that existing funds be drawn out of institutions that already have those funds invested in bonds. People have not done their duty merely by drawing out their funds from insurance companies, or drawing funds out of a mutual savings bank, and investing them in bonds, and continuing to go on living just as they have always lived.

Says Strengthening Of Free Society Is The Great Task Of Civilian Population

The strengthening of the sinews of free society is the great task which faces the civilian population of the nation today, according to Paul G. Hoffman, President of the Studebaker Corporation. Its accomplishment would insure the kind of morale needed to win the war, Mr. Hoffman said, in an address before the Tulsa (Okla.) Chamber of Commerce on Jan. 14. He asserted that this job is just as vital to winning the war as that assigned to the fighting forces and is one that has long needed doing.

Explaining that any attempt at this time to answer why free society has been losing ground in the United States would involve the realm of politics, economics and other controversial subjects. Mr. Hoffman stated, however, regardless of whether it is the cause or effect, that these two brutal facts must be faced:

> First, a free society cannot be maintained except by a people who are industrious, self-reliant and courageous. Secondly, regardless of why it happened, no realistic observer can deny the fact that the America of 1941, before we entered the war, was less self-reliant than the America of 1917, before we entered the first World War.

It is our immediate and pressing job, he added, to see that when this war ends, American people will be at least as self-reliant as they were twenty-five years ago.

Saying that we must once again learn how "to rule and be ruled as free men," Mr. Hoffman went on to explain the meaning of this phrase by comparing the manner in which the slaves of a dictatorship are ruled and the manner in which the free members of a democracy are governed.

He further stated:

> To help achieve our objective, it is absolutely essential that all of us adopt a new yardstick to measure our every proposal and our every act so as to make certain that our every proposal and our every act will contribute to the fortifying of the character of our people. We must apply this yardstick in our every-day activities, in our homes, in our businesses, in our schools, and constantly keep in mind the fact that anything we may do which leans towards the methods of a dictator or a gestapo contributes toward the inevitable collapse of our free society. America has no place for little Hitlers or sawdust Caesars in business or labor. Conversely, if our conduct towards those with whom we have constant contact is such that it strengthens their character, to that extent we have the assurance of developing the kind of character which will make us worthy of our free institutions. Only by so doing can we develop a nation of self-reliant individuals, able to rule and be ruled as free men.

Rejecting the suggestion that totalitarian methods must be adopted to beat the totalitarian states, Mr. Hoffman expressed the belief that "free men can outproduce slaves" and said that "we must avoid Hitler's methods to surpass Hitler's results."

With respect to the conversion of the full facilities of the automobile industry to the production of war materials, Mr. Hoffman criticized the proposal to have the operation of the automobile industry placed in the hands of "a super-committee, a joint government-industry-labor council." He stated:

> It would be unfair to communism to label this scheme as communistic, because under communism one at least knows who is boss. The state is the boss. It has a somewhat closer analogy to fascism, or the corporative state which Mussolini once planned, under which industry operates through an intricate set of contracts and an infinite number of bureaus. But it's even unfair to fascism to label this scheme as fascistic. It's unique in that it proposes to substitute for a responsible management a tripartite control which could bring only one result—turmoil, or shall I say turmoilism, in which all of the three parties—labor, management and government — would spend all their time blaming each other for the resulting mess.
>
> Am I wrong in my belief that such an experiment at a time like this would have a devastating effect on morale? Am I wrong in my deep conviction that it would stifle the initiative and the self-reliance of good Americans, qualities which are so desperately needed at this moment? No, Gentlemen, I am right when I say that industry's job must be done under an experienced management, a management which recognizes that collective bargaining is an essential element in our free economy, a management willing and eager to provide every member of every organization an opportunity to contribute ideas and suggestions as to how the job can best be done. There must be the utmost cooperation between government, management and labor, but the responsibilities of each must be clearly defined.

President Roosevelt's budget message was referred to in our Jan. 8 issue, page 97, and the text of the message appeared in these columns Jan. 15, page 226.

74,897 Freight Cars On Order By Roads Jan. 1

Class I railroads on Jan. 1, 1942, had 74,897 new freight cars on order, the largest number at the beginning of any year since the compilation of these records began 20 years ago, the Association of American Railroads announced on Jan. 17. New freight cars on order on Jan. 1, 1941 totaled 35,702. New freight cars on order at the beginning of this year included 46,300 box, 23,638 coal, 1,400 refrigerator, 2,191 flat, 300 stock and 1,068 miscellaneous cars.

The Class I railroads also had 546 new locomotives on order on Jan. 1, 1942, which included 258 steam and 288 electric and Diesel. On Jan. 1, 1941, there were 206 on order, of which 115 were steam and 91 were electric and Diesel.

Class I railroads in 1941 put 80,502 new freight cars in service, the largest number installed in any year since 1929. This was an increase of 14,957 compared with the number of new freight cars put in service in 1940. In 1929, the railroads installed 84,894 new freight cars.

Of the total number of new freight cars installed in service in the year 1941, there were 44,807 box, 30,938 coal, 1,752 flat, 2,200 refrigerator, 149 stock and 656 miscellaneous cars.

New locomotives installed in service in 1941 by the Class I railroads totaled 633, of which 161 were steam and 472 were electric and Diesel. This was the largest number put in operation since 1930. In 1940, there were 419 new locomotives put in service, of which 126 were steam and 293 were electric and Diesel.

Foreign Front

(Continued from First Page)

associates were in the United States. Lord Beaverbrook, the British production head, returned to London with his chief.

The safe completion of the journey made possible the publication of a few details of the Atlantic crossings. The British group came to the United States on a large new British battleship and landed at a port "south of Washington." Mr. Churchill completed the trip by air and was welcomed by Mr. Roosevelt on his arrival in our capital on Dec. 22. The return to London was accomplished entirely by airplane, and apparently was without incident. In the course of his American stay, the British Prime Minister spent a brief holiday in Florida.

Appearing briefly before the House of Commons, Tuesday, Mr. Churchill promptly was faced with the problem of popular apprehension over the Far East. Much public criticism has been voiced in England, during recent days, of the Churchill-Roosevelt decision to concentrate largely on elimination of Hitler for the time being, in the belief that the Japanese member of the Axis would collapse quickly if the Germans were beaten. The criticisms increased sharply after Chinese authorities threw out hints of an early withdrawal from the conflict, if this policy actually is pursued.

Mr. Churchill stilled the clamor for a time by declaring, Tuesday, that he shares the anxieties felt over the Pacific war. But he expressed great confidence in the eventual outcome of the struggle, and added that a full dress debate on war strategy will take place soon. Questioners were put off again and again by the Prime Minister, and efforts to face an immediate debate were unsuccessful. It will not be many days, however, before the matter is discussed fully in London, and in a manner befitting its importance, for further gains by the Japanese in Malaya occasioned fresh calls in England for action to halt the Pacific aggressor.

President Roosevelt took note of the rising chorus of criticism in the United States, Tuesday, when he declared at a press conference that full attention is being given the Pacific conflict. The lack of reinforcements for General Douglas MacArthur in the Philippines, and the obvious difficulty of beating the Japanese out of any territory they may occupy in the Western Pacific, are matters that add steadily to the doubts and anxieties expressed on our own side of the Atlantic, as well as in England.

Nor is the Axis less active than the United Nations in formulating plans for the World War. Berlin dispatches reported a meeting of German, Italian and Japanese spokesmen, Monday, with the aim of "common operations against common enemies." An agreement was signed which aims, it was indicated, at militarily correct distribution of the armed forces of the three aggressor States.

Battle of the Atlantic

German submarines have opened a new and exceedingly grim phase of the Battle of the Atlantic, through attacks on our coastal shipping. The precise number of attacks just off our Atlantic coast has not been disclosed. Nor has the strength of the enemy been ascertained. The threat to our shipping is not a light one, however, since sinkings were reported rather frequently. Tankers apparently are being singled out by the enemy for attack, since these vessels are vital for the war economy.

The newest development of the war is far from unexpected. Similar incidents occurred in the first World War, and technical advances in submarine warfare probably will make the current series of sinkings more important than were the 1917 and 1918 attacks. The German aim, obviously enough, is not only to sink American ships, but also to draw our warships back toward our own coast from their highly successful convoy duties. From the larger strategical viewpoint, the sinkings here on our coast are of modest importance, when compared with the primary task of supplying the British Isles.

German submarines apparently began their forays in Canadian waters, last week, for a Panamanian freighter went down after an attack. Moving down the coast, the enemy vessels were active off Long Island, a week ago. The Norwegian tanker Norness went down only 60 miles off Montauk Point, and this attack quickly was followed by the sinking of the Coimbra, a tanker of Allied registry. The Allan Jackson, of U. S. registry, was the next victim, and the Malay, also of American registry, was hit by torpedoes but towed into Norfolk. Each attack occasioned some casualties.

In addition to these known attacks, other occurred, the Navy Department disclosed on Tuesday. It was also made clear that counter measures are being taken against the marauders, which probably are hunting in packs. The Navy maintains silence on sinkings of German submarines, however, on the alleged ground that information would be of use to the enemy.

Philippine Theatre

Save for intensified naval and aerial action, little change occurred in recent days in the Philippine defense situation. Gen. Douglas MacArthur and his relatively small band of stout-hearted troops continued to hold Bataan peninsula, northwest of Manila with their backs to the China Sea and a retreat to Corregidor fortress presumably the last resort. This action is strictly defensive, and perhaps will continue for some time. The Japanese however, continue to pour troops onto Luzon Island, and our forces on Bataan are being outnumbered ever more heavily.

The terrain, with which MacArthur and his men are familiar, aids the defense mightily. Tanks and other land equipment which the Japanese brought with them are of little avail in the mountainous jungle country. Nor has the favorite Japanese method of infiltration succeeded. Heavy attacks were made by the enemy late last week, and fresh assaults developed this week, but the attackers were sent reeling back with huge losses. Even the enemy aerial bombardment of the island fort of Corregidor lightened owing to numerous plane losses to our marksmen. There is quite obvious Japanese aerial control over much of the Philippines, for only a modest reinforcement of American aerial strength in the Far East has been noted. A good part of Mindanao Island remains in American hands, however, and many of the smaller islands between Luzon and Mindanao also remain free of Japanese troops.

Aerial and submarine attacks by our forces at last are beginning to make a real showing in strength. The Navy Department reported last Thursday the sinking by an American submarine of a 17,000 ton Japanese merchant ship of the Yawata class, while a number of other sinkings of enemy vessels also occurred. The large ship presumably was being used as a transport, or perhaps as an aircraft carrier. Our submarines were operating "off Tokio Bay" last Saturday, a further announcement said, and at least three Japanese ships were sent to the bottom.

In aerial attacks from secret bases our forces harried the Japanese airmen and scored victories in a number of aerial battles. The War Department reported Tuesday the sinking by means of aerial bombing of a Japanese cruiser, and direct hits were scored at the same time on a Japanese tanker. The United Nations are managing to sink more than a ship a day, on the average, which is a rate that doubtless will be augmented soon.

The Indies

Although the Japanese advance shows signs of flagging here and there, the threat to British and Netherlands possessions in the Far East became ever graver, this week. A phase of the battle for Malaya and the great East Indian islands has been reached which London frankly describes as serious and even critical. The enemy drive rapidly approached Singapore, and fresh attacks developed on a number of points in the Netherlands Islands. The situation, moreover, is producing repercussions among the United Nations which are somewhat dubious, to say the least.

Nationalist China, which has been fighting the Japanese tooth and nail for a decade, voiced intense disapproval, last Saturday, of the war plans of President Roosevelt and Prime Minister Churchill. The discontent felt within America and the British Empire over the concentration on beating Hitler is modest when compared to the Chinese indignation. Unless Britain and the United States come more decidedly to the rescue of the nations fighting aggression in the Far East, China may decide to "sit tight" and end the suffering and bloodshed, a high Chinese official declared. Australian spokesmen also continue to express apprehension over the joint Churchill - Roosevelt program of beating Hitler first.

Likewise of grave import are developments in Burma and Thailand which already are affecting the struggle on the border of those countries. The British Government announced, Sunday, the "detention" of the Burmese Premier, U Saw, on the ground that he had been in communication with the Japanese. Mr. Saw recently was in London, where he endeavored to obtain immediate Dominion status for Burma, and he had not yet returned to Burma when the announcement was made that he had been "detained." A new regime quickly was formed in Burma.

From Madras, in India, came reports on Tuesday that Thailand forces had made common cause with the Japanese and were marching against points in southern Burma. An air base at Tavoy, 235 miles southeast of Rangoon, was captured by Japanese-Thailand troops, which throws doubt upon the previously announced British program of moving against the Japanese communications in Thailand from Burma. If the new threat is not quickly countered, it may well be that the Burma Road supply line to the interior of China will be threatened additionally, with further serious effects upon the Chinese will to continue the fight against Japan.

Meanwhile, the struggle for Malaya and the giant base of Singapore went on, regardless of Monsoon rains and steaming heat. Australian troops began to play an important part in the defense of Malaya, probably because some reinforcements have arrived and possibly because the Japanese reached lines where Australians were stationed. The defenders gained heart from the valiant fighting of the "Aussies." Frontal attacks by the Japanese were beaten back on a number of occasions by the British Empire units, but the infiltrations of the enemy continued and made retreat advisable.

The Muar River line, only 90 miles from Singapore, was reached by the Japanese over the last week-end, and a bridgehead promptly was established by the enemy on the southern bank of that stream. Through back-country lanes the Japanese resumed their movement, and masses of enemy troops apparently filtered into British-held Malaya also by means of small boats. The coastal zone south of the Muar was a scene of intense fighting in the first half of this week, and the Japanese were reported yesterday only a few leagues from the Johore Strait which separates Singapore from the Malayan mainland.

Aerial superiority by the Japanese on this front appears still to be a major item in the desperate battle. The advancing enemy forces have, of course, captured a number of air fields in Malaya. Operating from Burma, Malaya and probably from Netherlands points, airmen of the United Nations blasted at the Japanese. But bombing planes would seem to be our main reliance, whereas the Japanese possess ample squadrons of interceptor planes as well. The Japanese bombed Singapore heavily, and were reported early this week as having inflicted some damage to oil depots and other installations.

That the Japanese are preparing to move swiftly southward against the main islands of the Netherlands East Indies has been made clear by their capture of northern portions of Borneo, the oil island of Tarakan and the northernmost arm of the oddly-shaped island of Celebes. They bombed a number of strategic points in the Netherlands possessions this week, chief among them the secondary naval base at Amboina, which presumably is marked out for early naval attack and perhaps for a landing party. Dutch bases on Sumatra also were bombed, and Japanese fliers ranged also to Rabaul, on the island of New Britain.

Netherlands, British and American fliers hammered at Japanese communications, and seriously deranged some of the supply lines. Submarine attacks also cut heavily into the shipping available to the aggressors. Around Changsha, in China, the Japanese defeat appears to be complete, and Chinese forces are attacking the invaders at numerous points. Such offsets to the southward movement of the Japanese are important, but far from conclusive.

Russian Gains

Warfare between Germany and Russia enters its eighth month today, with the Russians pursuing the defeated Reich forces on a long front west of Moscow. Bitter cold again is reported in Russia, but the conflict remains fluid, with the Russians holding the all-important initiative. Communist military claims may be somewhat exaggerated, however, since the actual retreat of the Reichswehr since the "withdrawal" was announced by Berlin on Dec. 8 averages hardly more than 40 miles.

After long preparations and numerous advance claims from Moscow, the Russian troops finally recaptured Mozhaisk, Tuesday. This town, only 63 miles from Moscow, was an advance post of the German forces in the drive toward Moscow. Emulating Nazi tactics, the Red Army threw offensive pincers around Mozhaisk and apparently forced the Germans to evacuate the town. According to Moscow, something like 100,000 Reich troops are trapped in the pincers.

Far to the north the Germans maintained their siege of Leningrad, but some supplies obviously are reaching that city over the ice of Lake Ladoga. Finnish forces are holding their positions from Karelia north to the Arctic. In the Donets Basin the Russians are attacking heavily, with the immediate aim of retaking Kharkov. The Crimean landing by the Russians at Theodosia has been rolled back, Berlin claims, and little has been said in recent days by the Russians regarding this action. The Red Army still holds Sevastopol, however, and the landing at Kerch has not been repulsed by the Axis.

The time factor in the Russian campaign now begins to be subject to revised calculations. With the winter already well advanced, the Red Army will have to make more rapid territorial progress than in recent weeks, if the Germans really are to be beaten back to their own border before spring. It may be two and possibly three months, on the other hand, before the Germans can again put their mechanized forces to effective use in Russia, and much can happen in the meantime.

Mediterranean Control

British control of the Mediterranean has been strengthened perceptibly as a consequence of fresh victories over Axis forces on the border of Libya and Egypt. The long preparations for warfare on the desert are bearing good fruit. British victories in Libya would be of more importance, however, if portions of the Far Eastern possessions of Britain were not so seriously threatened as they now are by the Japanese member of the Axis.

German and Italian forces at Halfaya Pass, which the Axis attempted desperately to hold, surrendered to British Empire forces last Saturday. This point on the border of Libya and Egypt was a vital one in the contest for Suez. The surrender of 5,500 Axis troops means that the Axis can no longer have much hope of a successful move against the waterway from the Mediterranean into the Red Sea.

Somewhat hampered by bad weather, the British desert units continued their pursuit of German and Italian mechanized forces near El Agheila. Reports yesterday suggested that the battle is about to be resumed. Heavy reinforcements may have reached the Axis, however, and the problem of supply now wears a different aspect, since the British lines are far extended. Raids on the Axis shipping line of supply across the Mediterranean were reported by London. Axis fliers pounded the British base at Malta incessantly.

Beating Hitler

Large-scale plans for beating Hitler undoubtedly are now formulated, at least tentatively, since the Churchill-Roosevelt conversations were expressly for that purpose. What these plans may be is a military secret, but the extent of the preparations is openly admitted and the conflict obviously is expected to be long and bitter. Modest American forces were landed in England, Tuesday, possibly as the advance guard for what may prove to be an even larger expeditionary force than we sent overseas in the first World War.

Reports continued to come out of Germany, this week, of sudden illnesses among the leading Reich general officers. Indeed, Marshal Walther von Richenau died last Saturday, reputedly of apoplexy. Other German generals, who were active on the Russian front, are ill in surprising numbers. All of which may reflect a contest between the German Army and the Nazis. But such comforting conclusions may not be correct and should not diminish our war effort in any event.

British fliers raided the German-held coast of the European continent at intervals this week. The raids were less numerous than on some previous occasions, perhaps because weather conditions were unfavorable. Similarly, only a few German aerial raids on British towns were noted. In the war at sea the British admitted the loss of the destroyer Vimiera, 1,090 tons, on Monday. The submarine Perseus was listed as lost by the British Admiralty on the same day.

Pan-American Conference

Nothing is more inevitable than a "snag" at a conference of the 21 American republics. It is hardly surprising to find that the Rio de Janeiro gathering which began just one week ago now is bogged down in difficulties, occasioned by Washington's determination to have all of the Americas break diplomatic relations with the Axis, and by the equally determined Argentine stand for aloofness from the war. Whether this difference in views can be resolved is not clear, but the Rio meeting nevertheless can be counted upon to produce some successes.

Under-Secretary of State Sumner Welles, as the head of the U. S. delegation, appealed for unity in the conflict against the Axis, when the Rio gathering began last Thursday. It was plain from the start, however, that the Argentines did not care to follow the United States fully into the war. After endless cloak-room conferences in the Brazilian capital, Acting President Ramon S. Castillo stated in Buenos Aires, Tuesday, that Argentina would not break diplomatic ties with the Axis. This stand would be maintained "rightly or wrongly," he added.

This does not mean, of course, that Argentina is unduly friendly toward the Axis. Military privileges already have been extended by that country to the United States which are denied to Germany, Italy and Japan. The leading role of Argentina in South American affairs is not to be denied, however, and the sort of "solidarity" that Washington desires may not be easy to achieve.

Finance Section Quota Of Red Cross War Fund

Lewis E. Pierson, Chairman of the Finance Section of the Red Cross War Fund of Greater New York, announces that his unit has accepted a quota of $1,500,000, more than one-fifth of the citywide quota of $7,330,000 for the $50,000,000 war chest of the American Red Cross. Mr. Pierson, Honorary Chairman of the Irving Trust Co. and head of one of the five major sections of the Fund's Commercial and Industrial Division, also reported the appointment of 15 Vice Chairmen who will head section units as follows:

Commercial banks and trust companies, J. C. Traphagen, President, Bank of New York.

Life insurance companies and agents, George L. Harrison, President New York Life Insurance Co.

Fire, marine, casualty, surety, agents and brokers, Charles D. Hilles, Resident Manager for the State of New York of the Employers' Liability Assurance Corp., Ltd. of London, American Employers Insurance Co., and the Employers Fire Insurance Co.

Finance companies, Howard L. Wynegar, President, Commercial Credit Co.

Personal finance companies, William E. Thompson, President, Personal Finance Corp.

Savings Banks, Harris Dunn, President, North River Savings Bank.

Textile factors, J. P. Maguire, President, J. P. Maguire & Co.

Investment bankers, Charles S. McCain, President, Dillon, Read & Co.

Unlisted security dealers, Frank Dunne, Dunne & Co. (also President, New York Security Dealers Association).

New York Stock Exchange, Robert L. Stott (Chairman).

New York Curb Exchange, George P. Rea (President).

New York Cocoa Exchange, I. Henry Hirsch (President).

New York Produce Exchange, Charles B. Crofton (President).

New York Cotton Exchange, Robert J. Murray (President).

New York Coffee and Sugar Exchange, William W. Pinney (President).

Mr. Pierson announced that J. W. Bloodgood, Assistant Secretary of the Bankers Trust Co., would serve him as Vice-Chairman and Coordinator of the Finance Section and that Robertson D. Ward, Treasurer of the Carnegie Corp. of New York, would be Mr. Bloodgood's assistant.

Colby M. Chester, Chairman of the Fund's Commerce and Industry Division, has described the needs of the American Red Cross as greater now than ever before. Outlining urgent requirements upon the Red Cross War Fund, Mr. Chester said:

Surgical dressings, ambulances, medical care, blood banks built up through the contributions of millions of donors—these and many other things that only the Red Cross can supply must be ready for instant use not only among our armed forces, but wherever civilian emergencies may arise, as in the bombings of Hawaii and Manila. By Congressional Charter, the Red Cross is a direct contact for the American people with their armed forces. At all outlying bases, like Iceland, the Philippines and Hawaii, the Red Cross is an invaluable welfare service. At home it is a mainstay of our far-flung measures of civilian defense. I am confident that we can count upon a response to this Red Cross War Fund appeal as wholehearted as the need is urgent.

Lending Institutions Are Urged To Finance More Private Defense Housing

Federal Housing Administrator Abner H. Ferguson on Jan. 17 appealed to financial institutions to get behind the FHA's current drive for more privately built housing for war workers. The Administrator urged lenders and buyers of home mortgages to use the defense housing insurance provisions of the National Housing Act to the fullest extent in order to assure the continued life of the private construction industry and the mortgage market during the war emergency.

"Residential construction in America from now on until we achieve victory will be more and more confined to defense housing projects for war workers," Mr. Ferguson said. "It is essential that private capital, both to save Government effort and expense and to maintain its own well-being, account for as much of this construction as possible." He went on to say in part:

Title VI of the National Housing Act provides the machinery for the financing of necessary home construction.

Many lending institutions approved as mortgagees by the FHA have not had considerable experience with Title VI loans. They may be certain that these loans have all the investment advantages of other FHA-insured paper, with one or two extra features. As their contribution to the war effort, lenders are urged to make these loans and investing institutions are urged to buy them, as the case may be.

From Washington

(Continued from First Page)

He was one of those Hearst men who "had to write what the boss wanted," and so, when the New Deal got around to the point where the Hearst organization had to be cut down, a dubious help, incidentally, for the working newspapermen in the country—the White House crowd felt that Phil had always been one of them at heart and so it was suggested to Bill Green that he needed somebody to make him articulate. At the time, Bill had no illusions about the fact that the New Dealers were trying to get him in favor of Lewis because Lewis was one of their productions, one who had the imaginative mind to see the future in other than a straight organization of labor; in short, one who understood the politico-social movement which was then in being.

So Bill thought it would be a crackerjack thing to take on this protege of the White House as his publicity man. But as competent as this man is, he has never been an equal to the publicity set-up of John Lewis.

This is cited because it is a commentary on the great "peace" movement which Lewis has proposed. Regardless of the jockeying for publicity which may come in the near future—publicity about how all labor leaders are now practically willing to do most anything for patriotism—the best this correspondent can get as to the importance of Lewis' move is that he wanted to get in the headlines.

One labor leader has just said this to me:

"Anybody can agree upon principles. You ask me if I am against Hitler. All right, the answer to that is yes. But I want to know what is going to happen—for example, when these labor peace missionaries try to work out the situation, just as one example, between the long established electrical workers' organization in the AFL and this new thing which has sprung up under the CIO, the radio electrical operators' organization."

This gentleman, one of the most astute leaders of the labor movement, seemed to think that the whole thing was the bunk and that Lewis was seeking no more than to publicize himself, and, which is quite collaterally important, to put some of his enemies on the spot; namely, Bill Green and Phillip Murray and Sidney Hillman. Lewis does not consider Green his equal, figures that he can beat him any time in controversy. Hillman he is worried about. Murray he figures that he should be Lewis' man and that Murray has gotten away from being such.

Giving some factual support to this line of reasoning is the fact that Lewis' "great move" was made just after there appeared in "Look" Magazine an article by Raymond Clapper, widely syndicated commentator, entitled "Is John L. Lewis Washed Up?" Clapper's conclusion was that he was not washed up because he was a very resourceful man. Knowing Lewis as this writer does, this article unquestionably had something to do with Lewis making an effort to show his "resourcefulness." He is a tremendously vain man.

The example of Lewis' publicity brigade doing a job on the Washington reporters is not the first—certainly not over a period of recent years, but more to the point, over recent months. There was the instance of the widely advertised conference between the steel men and the representatives of the captive mine workers when Lewis was making a stand for the closed shop. It was an emergency on which the eyes of the country were focussed. On one occasion when the conferees were deadlocked, both sides issued statements. A Lewis publicity man circulated among the reporters and put out the word that the steel men were not as one, that as a matter of fact, only Bethlehem Steel, headed by the New Deal despised Eugene Grace, was holding out against the closed shop. This was not the truth. Yet the story was widely circulated and it took something out of the steel representatives.

It has always seemed strange to me why the industrialists with their record of accomplishment are so inept in the Washington propaganda field. They all have high powered publicity organizations and I think that is the answer. They are too high powered. The high powered New York organizations don't understand the controversy of Washington. They sell their clients upon the idea that they will "protect" them against newspaper annoyances. They don't succeed in accomplishing this and "protection" is not what the industrialists need in the first instance. Too many of the industrialists also go in for taking capable young newspaper men on their payrolls on the strength of these young fellows' contacts. Then when they have engaged them they insist upon their ceasing to knock around among their contacts and demand that they live with them, the industrialists, cocktail with them, etc. The value they had when the industrialist employed them is lost.

However, it is none of my business.

This writer has just had luncheon with a business man, an unusually analytical mind, who travelled pretty much all over Europe recently and who had contacts with men whom the foreign correspondents — at least those I know, would not have had contact with. One observation he made is applicable to what is going on in Washington. It is that bureaucracy in Germany has become so overloaded that it will probably fall of its own weight. Bureaucracy has fed upon bureaucracy. As he puts it, Hitler has come to the point where he is "overly organized."

There are today some 250,000 Government employes in Washington alone. The situation has become so serious that several agencies are being transferred to other cities. But the authoritative information is that in the next few months another 250,000 employes are to come here. There are as many agencies in Washington today doing nothing as there are that are doing something.

You can get an idea of what the confusion in Washington is when you understand that for a few days after Donald Nelson was made "war production minister" there seemed to be quite a conscience stricken attitude on the part of Washington commentators about Bill Knudsen. In spite of what they had said in the past, these commentators now said Bill Knudsen was a great patriot and above all, a great production genius. He had been a square peg in a round hole, the commentators said.

This writer's information is that Secretary of War Stimson was one of those who did not think he had been a square peg in a round hole, that he had done a splendid job for this country. The very definite evidence is that Mr. Roosevelt appreciated the job Knudsen had done and furthermore, appreciated the fact that he had served loyally without having taken part in the office politics of Washington. Nevertheless, he didn't know what to do with him now that the agitation had become impossible to ignore. It looked for awhile as if he was prepared to sacrifice Knudsen, one of the few times the President, with all of his faults, has done such a thing.

But Stimson came into the breach and said, in effect:

"If you can't use Knudsen, I can."

Whereupon, Knudsen was made a lieutenant general. In the army there are only two men ahead of him, Marshall, chief of staff, and MacArthur of the Philippines. The distinct impression is that the President was tickled to death about this solution.

But a few days before Knudsen was removed from OPM, Mrs. Roosevelt, before a gathering of 500 or so employes of the Department of Agriculture, had said Knudsen was just an old "Teddy Bear." Later, considerable effort was made to keep this out of the newspapers on the ground that Mrs. Roosevelt had not known she was talking in the presence of reporters.

Then, the New Dealers got to analyzing the respective jobs of Knudsen and Nelson under the new set-ups. No one, it seems, has ever wangled such a complete, all embracing executive order out of Roosevelt as Nelson has. There are stories that Nelson even called in his lawyer to write the order and that the President permitted him to do this. Nelson's stock as a "strong" man, which has not been so high heretofore, goes up.

But the New Dealers, who have for several days been quite kindly towards "old man Knudsen," thinking they had shelved him, notice that as lieutenant general, he is still in charge of production, particularly of tanks and planes. This deals directly with the automobile industry.

Knudsen, it seems, is still to be the man to work on production, get out the tanks, the guns, the planes; a job he's been doing, and one the New Dealers in their agitation, said he was good at doing. But he was not the man to administer the broad purposes of OPM, they said. This happy solution having been achieved, they've gotten around to wondering just what is left of OPM, after production. OPM, or rather it is a new set-up now under Nelson, the "war production minister," will "plan." Plan what? Oh, he will be the man who will tell the dress manufacturers that they must not have so many designs of dresses; he'll be the man who tells us that we must "streamline." He will "plan." Presumably that is what is left to him. The important job is to get out the tanks and the planes. That's to be Knudsen's specialty as a lieutenant general.

It's what the New Dealers insisted he could do. But they are beefing about it already. A columnist whose wife works for Mrs. Roosevelt has launched the second attack against him. The situation won't work out, he says. Could Mrs. Roosevelt consider it a rebuff that a few days after she says a man is a Teddy Bear that her husband makes him a lieutenant general of the U. S. Army. Of far more importance is the fact that Knudsen still has the say so over the question of employe-employer management in the automobile industry. The New Dealers don't like this.

Items About Banks, Trust Companies

The Chase National Bank, New York, announced on Jan. 14 that its Board of Directors had approved several promotions in the executive staff of the Bank. Kenneth C. Bell, G. Kellogg Rose, Jr. and Francis G. Ross have been elected Vice-Presidents. The following were elected as Second Vice-Presidents: Alfred W. Barth, Frank A. Conefrey, John W. deMilhau, Walter E. Dennis, W. Arthur Grotz, Edgar H. Hall, Ernest R. Keiter, William H. Morton, Thomas M. Ritchie and George F. Sloan. The Board also elected as Assistant Cashiers: Louis A. Albarracin, Kennedy Buell, William F. Crook, William S. DuBois, Harold E. Hardiman, Victor E. Rockhill, Robert W. Scofield, Lowell E. Ullery and Charles R. Walters.

Inauguration of a voluntary salary deduction plan for the purchase of United States Defense Bonds by employees of the Guaranty Trust Company of New York was announced on Jan. 15 by Eugene W. Stetson, President. Details of the plan are outlined in a pamphlet to be distributed to all employees and officers, which contains also a description of the Series E Bonds, a copy of the authorization card providing for regular deductions from salary, and a table showing the bond redemption values and yields. A feature of the plan provides for free safekeeping service for employees' bonds.

In a letter to the staff, Mr. Stetson announced the plan "as a means both of cooperating with our Government in financing the war and of making it convenient for our employees to set aside regularly portions of their salaries for the purchase of Defense Bonds. While participation in the plan is wholly voluntary, it is believed that the members of our staff will welcome this opportunity to perform a patriotic service and at the same time make a desirable investment, by a convenient and automatic method."

The Sterling National Bank & Trust Co., New York City, on Jan. 16 appointed J. Irwin Bobson, Joseph Downing, and Peter F. Sullivan, Assistant Cashiers.

The New York State Bankers Retirement System has admitted into participation the First National Bank of Greenwich, Greenwich, Conn., the first bank outside the State of New York, it was announced on Jan. 13 by F. J. Oehmichen, the System's accountant. The Bank's participation, effective as of Jan. 1, brings 30 new members into the System, lifting the total number of bank officers and employees who are members to 842 and the number of participating banks to 71.

At the annual meeting of stockholders of the Lafayette National Bank of Brooklyn, New York, held on Jan. 13, George P. Kennedy, President, reported that the Bank had been active in the financing of defense loans and that the year 1942 would show a large increase in activity in this item. The investment portfolio, he stated, was divided into: Government obligations, 87.8%; New York City obligations, 7.2%; and Corporate obligations, 5%.

Wm. G. Green, President of New York Savings Bank, New York City, announced on Jan. 15 that William B. Licklider has been appointed to take charge of the Bank's bond investments. Mr. Licklider was associated for ten years with Blyth & Co., Inc., and more recently with Harriman Ripley Co., Inc.

At the annual meeeting of the stockholders of Fidelity Union Trust Co., Newark, N. J., on Jan. 13, Horace K. Corbin, President, reported that net earnings for 1941 were $1,249,719, a decrease of $260,186 from 1940, due principally to higher clerical salaries and lower income on Government bonds and loans. Profits from the sale of securities amounted to $310,595. In the final quarter of 1941, additional compensation was paid to all officers and employees receiving less than $5,000 a year, on a basis of 6% of the first $150 a month of salary and 4% of the next $100.

Dividends of $570,000 were paid on preferred and common stocks and, after crediting certain reserves, undivided profits increased $77,462. Activity in the real estate market in the later part of 1940 and during 1941 resulted in sales of foreclosed properties showing a decrease of $976,038 for 1941 and $2,088,023 for the last two years. At the end of 1941, the Bank owned U. S. Government obligations costing $35,141,677.

Mr. Corbin also told the stockholders that the bank has been increasingly active during the year making loans covering nearly every phase of re-armament requirements.

Following the meeting Mr. Corbin announced the election of four new Directors. They are: Roy F. Duke, Senior Vice-President of the Bank; Daniel F. Leary, Vice-President of the Bank; Uzal H. McCarter, an official of O'Gorman and Young, general insurance, and Leslie C. McDouall, Vice-President and Trust Officer of the Bank.

At the annual meeting of the Newark Clearing House Association held Jan. 20, 1942, the following officers were reelected:

President, Ray E. Mayham, President, West Side Trust Co.; Vice-President, W. Paul Stillman, President, National State Bank; Treasurer, David J. Connolly, Vice-President, Federal Trust Co.; Secretary, T. L. R. Crooks President, Clinton Trust Co.

The Association elected Spencer S. Marsh, Chairman of the Board of the National Newark & Essex Banking Co., as Honorary Chairman of the Clearing House Committee. Mr. Marsh was one of the organizers of the Clearing House and has served on numerous committees continuously since 1922.

Oscar H. Merz, Vice-President of Fidelity Union Trust Co., who will retire as an active officer next month, was elected Honorary Chairman of the Managing Committee. Mr. Merz has been an active member of numerous committees since 1930. Robert G. Cowan, President of National Newark & Essex Banking Co., was elected a member of the Clearing House Committee for a term of four years.

Mr. Mayham reappointed Mr. Stillman, Chairman of the Managing Committee, to serve with the following other members for 1942: Roy F. Duke, Senior Vice-President, of Fidelity Union Trust Co.; William Dunkel, Vice-President and Cashier, of Union National Bank in Newark; Carl K. Withers, President of Lincoln National Bank. The President also reappointed Robert G. Cowan as Chairman of the Advisory Committee and the following other members to serve in 1942:

Ralph W. Crum, President, United States Trust Co.; Stanley J. Marek, Secretary-Treasurer, Franklin Washington Trust Co.; Thomas C. Wallace, Executive Vice-President, West Side Trust Co.; C. LeRoy Whitman, Vice-President, Fidelity Union Trust Co., and Francis R. Steyert, President of South Orange Trust Co., to represent special members in adjacent suburban towns.

The annual report for 1941 of the Manager of the Association, Russel W. Lynn, submitted at the meeting, showed:

Total exchanges of $1,157,082,000, an increase of $161,638,000 over the year previous. Total bank debits of $4,841,203,000 compared with $4,186,785,000 in 1941. The largest daily exchange during the year was $7,620,922,000 on Jan. 2, 1941.

At the organization meeting of the Board of Directors of the Tradesmens National Bank and Trust Co., Philadelphia, held on Jan. 16, the following changes in officers were announced:

Howard E. Deily, formerly Cashier, was made Vice-President and Cashier.

Harold S. O'Brian and James M. Large, formerly Assistant Vice-Presidents, were elected Vice-Presidents.

William S. Louchheim, formerly Assistant Cashier, was appointed Assistant Vice-President.

The Directors also declared a dividend of $1.50 per share, payable Feb. 2, 1942, to stockholders of record at the close of business Jan. 26, 1942.

At the annual meeting of the shareholders of the First National Bank of Chicago, held on Jan. 13, all present directors were reelected with the exception of Ira N. Morris, who retired because of ill health. Hughston M. McBain, First Vice-President of Marshall Field & Co., was elected a member of the board. At the subsequent meeting of the directors, the following promotions were made:

Forrest N. Williams and Frederick C. Murback were elected Vice-Presidents, having been previously Assistant Vice-Presidents.

Clarence W. Weldon was elected an Assistant Vice-President. Mr. Weldon for some years has been Vice-President and Manager of the First-Trust Joint Stock Land Bank of Chicago.

Clarence E. Cross and Clarence R. Eichenberger, formerly Assistant Cashiers, were also elected Assistant Vice-Presidents.

The following new officers were elected, all being promotions from the clerical staff of the bank:

Vernon C. Bartels, J. Russell Hanson, Wyndham Hasler, George F. Sisler, Philip Sparling, and William H. Wood, Assistant Cashiers; John R. Mitchell, Assistant Manager in the Real Estate Loan Department, and Robert S. Swaim, Assistant Trust Officer.

At the annual meeting of the stockholders of the Industrial National Bank of Chicago, held on June 13, Calvin Fentress, President, reported that the deposits of the Bank had increased $700,000, of which the major portion represented demand and checking accounts. The loan volume, on the other hand, was slightly under the total for 1940, due in some measure to regulations in time financing.

The net earnings for the year amounted to $257,003 compared with $228,629 in 1940. These earnings, after payment of dividends on the outstanding preferred stock, amounted to $4.27 per share on the common stock compared with $3.67 per common share in 1940, based on the same relative capitalization.

Dividends paid on the preferred stock in 1941 amounted to $43,126. Dividends paid on the $20 par common stock totaled $125,000, or $2.50 a share.

During the year, 1,000 shares of preferred stock of a total par value of $100,000 were retired. Mr. Fentress reported that the directors have recently called for retirement as of Jan. 31, 1942, an additional 2,000 shares of preferred stock, par value of $200,000, which will reduce the preferred stock outstanding as of Jan. 31, 1942, to $700,000.

It was pointed out that $150,000 was transferred to surplus in 1941, bringing the surplus account to $1,250,000.

The stockholders re-elected all of the present directors, with the exception of Thomas E. Donnelley, Chairman of R. R. Donnelley & Sons Company, who desired to retire from active service. Mr. Donnelley was one of the original directors of the Bank when it was founded in 1917.

English Walling was elected to fill the vacancy. Mr. Walling, who is Secretary of the Bank, is the son of Willoughby G. Walling, who served as President of the Bank for 17 years prior to his death in 1938.

At their annual meeting held on Jan. 13, stockholders of the La Salle National Bank, Chicago, voted to increase their Board of Directors from nine to eleven members by electing Harry L. Drake, head of the Chicago real estate management firm bearing hi sname, an dNathaniel Leverone, Chairman of the Board of the Automatic Canteen Company, according to an announcement by Laurance Armour, Chairman of the Board. All retiring directors were re-elected.

"During the first calendar year under new management," Mr. Armour stated, "the institution's rank among all banks in Chicago moved from 31st place to 22nd place. At the same time, in its new location, the bank showed a satisfactory profit after adequate reserves and operating expenses. We are naturally gratified with this progress which substantiates our decision in moving the bank into the heart of the financial district a little over a year ago."

Formerly known as the National Builders Bank before present interests acquired its control, the LaSalle National Bank moved into the Field building Nov. 12, 1940. Since opening for business in its new location, deposits have increased more than 88% according to figures released at the end of business on Dec. 31, 1941, which totaled $13,621,000.

Loans and discounts, too figured prominently in the gains. During the same period, loans increased by approximately 106%, amounting to more than $4,178,000. A contributing factor to the latter gain has been the installation of a personal credit department offering personal loans, auto loans, automobile financing, and insurance premium financing.

Stockholders of Bank of America, at their annual meeting in San Francisco, received a report from President L. M. Giannini indicating the magnitude of the Bank's aid to the war effort. During 1941, loans and commitments specifically for war purposes enabled borrowers to finance an estimated $1,500,000,000 in defense contracts, with activity showing rapid acceleration in the closing months of the year. In addition the war effort was aided through thousands of loans of other types. The report showed more than 2,600,000 deposit accounts on the books, an increase of 200,000 during the year. Operating expenses of $48,000,873 took about 63 cents of each gross income dollar compared with about 61 cents in 1940, caused mainly by a rise of $2,141,905 in payroll expense. Taxes and government assessments amounting to $8,227,406 were also at a new high level.

President Giannini emphasized there would be serious post-war problems for both Government and business to face and that their effect on the future economy could be gauged only to a reasonable extent. He expressed the hope that much of the expense attendant upon the war would be met by a forthright taxation program designed so as not to be oppressive to the point of drying up the source of tax revenue, and by issuance of long term Government obligations during this period of low interest rates. Short term financing he said, should be reserved as far as practicable for emergency purposes.

"Bank of America, with its 495 branches, its entire resources and facilities, its management and staff, will lend every possible support to our supreme national endeavor," Mr. Giannini concluded.

The American Trust Co., San Francisco, according to Blyth & Co., Inc., had operating earnings, after depreciation and after amortization of securities, of $1,818,575 for the year ended Dec. 31, 1941, equivalent to $12.12 per share of preferred stock and $4.05 per share of common stock. Comparable operating earnings for the year ended Dec. 31, 1940, amounted to $1,855,704, equivalent to $12.37 per share of preferred stock and $4.15 per share of common stock. Non-operating earnings, including recoveries and profit on sale of securities, for the year ended Dec. 31, 1941, were $1,253,868, bringing total earnings for the period to $3,075,443, equivalent to $20.50 per share of preferred stock and $7.40 per share of common stock. Non-operating earnings, including recoveries and profit on sale of securities for the year ended Dec. 31, 1940, amounted to $557,337, bringing total comparable earnings for that period to $2,413,041, equivalent to $16.09 per share of preferred stock and $5.63 per share of common stock. Further advices stated:

$300,000 of current earnings for the year ended Dec. 31, 1941, were carried to undivided profits account; dividends of $900,000 were paid out during the period; and the balance of earnings in the amount of $1,875,443 was added to various reserves.

Continuing its steady growth, American Trust Co. again reports deposits at an all-time high. Deposits of $365,717,758 are reported in the Bank's year-end statement of condition. This represents a gain of $42,757,673 for the year, and of $24,592,624 for the last six months. Loans, likewise, show an increase, being currently $172,107,577, an increase of $15,340,139 over a year ago, and $11,894,014 over the June 30 figure. Cash totals $99,250,055 as compared with $79,880,717 on Dec. 31, 1940, and $99,692,094 on June 30, 1941. Securities, including U. S. Government bonds and notes, state, county and municipal bonds, and other bonds and securities, total $113,455,910, an increase of $10,524,171 over the securities held at the end of 1940. Total resources are at an all-time high of $399,307,993.

Total resources of Barclays Bank Limited, London, one of the "Big Five" banks of England, reached an all time high of £685,166,024 at the end of December, 1941, according to cable advices received by C. A. Gingell, the bank's representative in New York. Deposits are reported as £645,185,396, representing an increase of over £98,000,000 compared with the end of 1940. This figure is the highest amount in the long history of the Bank.

On the asset side, the main items are as follows: Cash in hand and with the Bank of England, £70,617,710; balances with other British banks and checks in course of collection, £27,815,693; money at call and short notice, £24,917,550; bills discounted £40,343,437; treasury deposit receipts, £152,000,000; investments £168,219,935, of which amount £163,102,473 represents securities of or guaranteed by the British Government.

The investments of the Bank showed an increase of £47,000,000 and the treasury deposit receipts an increase of £84,000,000 as compared with the corresponding figures at the end of 1940.

Manufacturers Trust Co. 1941 Earnings $3.91 On Common, President Gibson Reports

Harvey D. Gibson, President of the Manufacturers Trust Co., New York City, reported at the annual meeting of stockholders on Jan. 14, that net operating earnings, not including net profits from securities sold or other assets disposed of during the year 1941, before charge-offs or additional reserves set up, but after all expenses and taxes, and after deducting dividends on preferred stock outstanding, as well as the total amount set up for amortization on bonds purchased above par, had amounted to $6,446,236 or $3.91 per common share, compared with $3.92 per share in the year 1940.

Of this total $3,299,838 was paid in dividends to common stockholders, $804,159 was credited to undivided profits account, and $2,342,239 was credited to reserve account.

Net profit on securities sold during 1941 amounted to $1,465,-570. Recoveries on items heretofore charged off totaled $665,-140. Both of these amounts were credited to reserve accounts. The bank disposed of miscellaneous items at an aggregate net loss of $190,242.01; of which amount $181,064.65 was charged against reserves previously set up. The bank charged down or set up reserves against bank premises and safe deposit vaults aggregating $715,858, the proportionate amount of which was, during the first three quarters of 1941, charged to reserves, and during the last quarter was charged against undivided profits, in the amount of $179,000. Recoveries in the Foreign Department on items heretofore charged against undivided profits amounted during the year to $621,941. This amount was re-credited direct to undivided profits at the end of the year.

Mr. Gibson pointed out the interesting fact that, despite an increase of $2,100,000 in the bank's gross operating income for 1941, over 1940, the net income after all expenses, taxes, insurance, amortization, etc., was just about the same for each year. This was accounted for in the following items.

The cost of operations increased about $550,000.

Tax payments and fees for Federal Deposit Insurance were almost $500,000 greater; and the net amount of amortization of bonds owned was greater by $1,075,000.

These amounts more than made up the total difference. Attention was called to the fact however that amortization of the premium on bonds purchased above par, which in 1941 amounted to $2,779,-202 in effect reduced by that amount the book value of the securities owned, and while deducted in full from gross operating earnings, really has bettered the bank's position to an equal extent.

Mr. Gibson stated that the aggregate of all types of loans has during the past year continued to increase in a most gratifying manner. Loans in the bank's general banking and industrial credit departments, which constitute over 86% of the total loans, showed an average increase for the month of December last, as compared with a year ago, of approximately $53,000,000, or 29%; and if compared with December, 1939, two years ago, the increase shown is $76,000,000, or 48%.

Mr. Gibson informed the stockholders that there have been few changes in the character of the bank's portfolio during the year. Such activity as has taken place has for the most part been confined to United States Government securities. The maturity dates of the bank's holdings and United States Government and Government guaranteed bonds at the close of the year were as follows:

Bonds maturing or callable from one to five years hence represented approximately 48¼% of the total holdings; from five to ten years 24½%; over ten years 27¼%.

In discussing changes in business conditions resulting from the war, Mr. Gibson said:

Before we entered the war industrial production, due to defense and lend-lease needs, had proportionately already reached the peak attained during the World War. The present objective of the Government seems to be, however, at least to treble as quickly as possible the volume of defense material which was produced in 1941. We have consequently scarcely begun to feel the full effect of the change which must take place in our business life. As a complete war economy establishes itself, normal production will be dislocated more and more. Such manufacturers as cannot readily convert their plants to some form of defense production are bound to suffer hardship, and many of their employees will, for a time, find themselves out of work. Retailers will also have great difficulty in replenishing their depleted stocks. But employed wage earners will be earning more money than they have for many years, and they will be under great temptation to spend. It is to be hoped, however, that they will resist the temptation. For the more they spend, the higher will prices rise, and the less will they get for their money. Inflation is a real danger, and it must be avoided by every possible means. We should constantly keep in mind that other than by taxes, the only way that our country can finance its tremendous undertakings will be through the sale of Defense Bonds, and we must buy them to the full extent of our ability.

Unsettled times are in fact ahead of us for many years to come, for reconstruction must repair the destruction caused by the war. There is bound to follow a period of readjustment. The world will have used up most of its available resources in carrying on the war, and new dislocations of business with attendant hardships will ensue. Consequently, it is of the utmost importance that this aftermath should be forestalled as much as it can be by a full realization of facts and by tempering spending with thrift whenever possible.

1941 Wheat Loans

The Department of Agriculture reported on Jan. 6 that through Dec. 27, 1941, Commodity Credit Corporation made 500,717 loans on 343,847,395 bushels of 1941 wheat in the amount of $338,014,-549. The wheat under loan includes 110,785,524 bushels stored on farms and 233,061,871 bushels stored in public warehouses. Loans to the same date last year had been made on 270,624,404 bushels.

1941 Corn Loans

The Department of Agriculture reported on Jan. 6 that Commodity Credit Corporation had made 7,420 loans, in the amount of $5,719,313, on 7,891,660 bushels of 1941 crop corn through Dec. 27, 1941. Loans made to date have averaged 72.5 cents per bushel.

The loan program on the current corn crop was announced Nov. 18, 1941 (see issue of Dec. 4, page 1351). Under the program all corn pledged as collateral for a loan is stored on the farm.

Earnings Of Chase National Bank Advanced In 1941, Chairman Aldrich Announces

Winthrop W. Aldrich, Chairman of the Board of the Chase National Bank of New York, told stockholders at the annual meeting on Jan. 13, that to meet the challenge of war will require the American people to forego "business as usual." American industry will meet the test, he said, provided that the Government is able to so organize the effort that the full power of industry can be promptly, efficiently and continuously applied to the task. The war will be won by the unity and devotion of civilians matching the strategy and heroism of the armed forces, he declared.

"To overtake the head start of the Axis Powers," Mr. Aldrich said, "puts a burden on the unequaled capacity of American industry, which even it can bear only if it receives the wholehearted aid of the American people." He added:

That this wholehearted aid will be given cannot be doubted. But in giving this aid the American public will forego business as usual, will gain smaller net profits, will buy war bonds, will ride less and walk more, will demand and obtain fewer comforts and conveniences. It will not go hungry and it will not lack for clothing and shelter. Nevertheless, for a space of time, perhaps for years, the American public which will face realities it has not known for two generations, but which its forefathers mastered and thereby became the builders of the nation.

Compared with the task which American industry faces, the financial problem is secondary, Mr Aldrich said, adding that there is no doubt whatever that the money needed to finance the national undertaking, will be ready when called for.

He stated that as the war goes on and as the war appropriations of Congress are translated into contracts, the banks will be called upon more and more to put their credit at the disposal of the nation at war. The banks stand ready to do this, he explained, not only because of their matchless capacity to lend or because it is their duty, but because as American institutions they "are firm in the loyal purpose to do their great part in carrying the war through to a successful end."

With respect to bank credit for war industries, Mr. Aldrich's report added:

While both of these types of lending by commercial banks,—that is, the purchase of Treasury obligations and the grant of credit to war industries—serve the same purpose of promoting the American war effort, they are quite different in their economic effects on the country. Reliance upon commercial bank credit to finance war expenditure tends to bring about inflation, whereas the use of bank credit to finance industry diminishes the chances of inflation. Credit used to finance industry engaged in war production does not remain outstanding but is retired in due course from the proceeds of taxes and Government loans. And if these loans are purchased out of savings and investment funds, then the dangers of inflation inherent in so great a program of Government spending are much reduced.

Warning that "we must look not only at the present" but must also plan for the future, Mr. Aldrich said the central problem then will be to maintain employment during the transition from war to peace. He further asserted:

We shall have an immense piled-up demand for goods, not only to fill the gaps caused by the deprivations and wastage of the war years, but to catch up with the growth we would have had if the war had not occurred. The demand will exist, unchartable now and in endless variety. The problem will be to implement that demand with the economic power to satisfy it—that is, to provide the people with the means to buy the things they are sure then to need and want.

The net earnings of the bank for the year 1941, Mr. Aldrich said, amounted to $14,518,000, or $1.96 per share, compared with $13,550,000, or $1.83 per share in 1940. After providing for the payment of two semi-annual dividends of 70 cents per share each, there has been an increase during 1941 of $4,158,000 in the undivided profits account, as shown in the following table:

Undivided profs. Dec. 31, 1940	$36,212,000
Net earns. for year '41	14,518,000
Less: Divs. decl. during year 1941—$5,180,000 on June 25 and $5,180,000 on Dec. 24	10,360,000
Net earns. for 1941 in excess of divs.	$4,158,000
Undivided profs. Dec. 31, 1941	$40,370,000

Mr. Aldrich reported the following on the bank's deposits:

Total deposit liabilities of the Chase National Bank on Dec. 31, 1941, amounted to $3,-534,967,000, a figure which is about $8,000,000 below the total a year ago and about $83,000,-000 below the maximum deposits reported as of March 31, 1941. This decline, which followed a rise of more than $1,-309,000,000 in our deposits during the two years 1939-1940, occurred despite an increase in our loans and investments last year. The experience of the Chase National Bank in this respect was similar to that of other New York City banks.

Loans and discounts of the banks on Dec. 31, 1941, amounted to $802,221,000, an increase of $138,032,000, or 21%, over the previous year-end. Almost all of the increase, Mr. Aldrich explained, took place in commercial, industrial, utility and agricultural loans, reflecting the demand for funds required directly in the national defense program or in general business activity stimulated by that program. He said that the bank's direct defense loans outstanding at the end of the year approximated $50,000,000, and that commitments had been made to lend an additional $43,000,000, or total credits in excess of $93,000,000.

Commenting on the bank's holdings of $1,364,847,000 of United States Government securities, as of Dec. 31, 1941, or about 36% of the bank's total resources, an increase of about 29% in such holdings in the year, Mr. Aldrich said the average maturity of these holdings was four years and ten months, or two years and ten months if computed to the nearest call dates, and that the average yield was 0.59% in 1941.

In connection with the figures on deposits and holdings of Government securities, Mr. Aldrich pointed out the following "noteworthy tendency, characteristic of banking experience in recent years:"

Starting in June, 1932, when the bank's deposits stood at the low point for the decade, deposits have risen about $2,200,000,-000 to the present total. During the same period the holdings of United States Government obligations and the item "Cash and amounts due from banks" have risen about $2,100,000,000. Thus the increase in deposits roughly corresponds with the increase in the bank's holdings of cash and Government obligations.

Analyzing the bank's gross income, Mr. Aldrich emphasized the importance of the loans and investments increase in 1941 on net income. Average volume of earning assets last year was 27% greater than in 1940, he said. For this reason, and despite the fact that average interest rate earned was fractionally lower than in any previous year, aggregate amount of interest received on these loans and investments was considerably higher in 1941 than in 1940.

The bank's branches in London, Mr. Aldrich reported, continued to function during the year, though handling less business. Branches in the Canal Zone and in Panama experienced rapid growth in business. Operations of the Chase Bank, wholly owned affiliate of the Chase National Bank, which operates branches in France and in the Far East, carried on operations under great difficulties, the Chairman reported.

J. Frank Drake, President of the Gulf Oil Corp., and Carl J. Schmidlapp, a Vice-President of the bank, were elected new members of the Board of Directors. All the former directors were reelected except Vincent Astor, who requested that he not be considered because he is on active duty as a commander in the United States Naval Reserve.

The Chase National Bank's statement of condition as of Dec. 31, 1941, was reported in our issue of Jan. 8, page 133.

Ecker Resigns From Metropolitan Life

The resignation of Frederic W. Ecker as Vice-President and Director of the Metropolitan Life Insurance Co. to devote his full time as Special Assistant to Lend-Lease Administrator E. R. Stettinius, Jr., was announced on Jan. 14 by Leroy A. Lincoln, President of the company. He assumes his new duties today (Jan. 15) with headquarters in Washington.

Born in Brooklyn, N. Y., shortly before the turn of the century, Mr. Ecker is a graduate of Harvard University, where he majored in economics. Following World War I, in which he served as a first lieutenant, Mr. Ecker began the practical study of finance, starting as blotter clerk in a security house. He soon became assistant to the manager of the bond department. Seeking wider experience in his chosen career, he obtained a position with a trust company, handling its security sales. In 1925, at the instance of the late Haley Fiske, then President of the Metropolitan, he was offered and accepted the post of Assistant Treasurer of the insurance company. He was appointed Treasurer in 1931, and in 1936 he was elected Vice-President and a member of the Board of Directors. As Vice-President, Mr. Ecker has been in charge of the handling and supervising of Metropolitan investments.

No Savings Confiscation

In view of recurring rumors that the Government was planning to confiscate savings accounts, Secretary of the Treasury Morgenthau on Jan. 12 entered an emphatic denial that this was so. "I wish to state most emphatically that there are no foundations whatever for such rumors," Mr. Morgenthau said. "The Federal Government does not have under consideration any proposal involving the confiscation of savings deposits of this country for any purpose.

"Furthermore," he added, "any one circulating rumors of this character is acting against the welfare of the Nation."

National City Bank Chairman Reports 1941 Earnings At $17,721,822; Activity Up

In his report to shareholders at the annual meeting on Jan. 13, Gordon S. Rentschler, Chairman of the Board of the National City Bank of New York, stated that the surge of activity in 1941, occasioned by increasing national defense expenses, increased industrial production and additional employment of workers, stepped up the whole tempo of the bank's operations.

With respect to the outbreak of the war, Mr. Rentschler said:

> The spirit of the nation was fused into unity and focused on a single great objective—the winning of the war. Every person and institution is now being measured by his or its contribution to the national need. Banks and bankers face this test, both with respect to specific duties related to the war and their more general responsibilities as an essential part of the country's economic life.

According to Mr. Rentschler's report, the earnings of the bank for the year, after provision for taxes and depreciation, were $17,721,822 as against $18,169,449 in 1940. Included in these figures were profits from the sale of bonds and securities in the amount of $6,406,663 in 1941 and $6,712,098 in 1940 which were transferred to reserves, leaving current net earnings for the year of $11,315,158 as compared with $11,457,350 for 1940. Net recoveries, substantial in amount, were not included. The report went on to say:

> Dividends totaling $6,200,000 were paid, $3,000,000 was added to surplus, and $2,115,158 carried to undivided profits.
>
> The surplus account was increased also by $6,000,000 from the year's recoveries and by $4,000,000 representing a further partial liquidation distribution from the City Company of New York, Inc.
>
> At the year-end, capital stood at $77,500,000, surplus at $77,500,000, and undivided profits at $17,891,093.
>
> We continue to follow a conservative policy in valuing our assets, and further recoveries may reasonably be expected. Unallocated reserves are maintained at levels which we believe adequate, and are larger than a year ago. As in previous years, these are deducted in arriving at the asset figures which appear in our published statements.
>
> Interest and discount accounted for about 87% of domestic income other than profit on the sale of bonds and securities. Interest from investments and interest from loans were both greater than in 1940, though average rates were lower.
>
> Additional taxes constituted the largest increase in expenses, including $925,000 more for Federal and State taxes, and $384,000 additional Federal Deposit Insurance. Our total assessment for deposit insurance was over $2,000,000.

Mr. Rentschler reported that after two years of extraordinarily rapid growth, the bank's deposits, along with those of other New York banks, ceased their upward movement about mid-year and turned down. At the year-end they were at about the same level as a year before. The change, he added, was due to a near cessation of gold imports, an increase in the use of currency, and an outflow of funds from New York to the interior.

Comparative distribution of deposits of the bank at the year-end is shown in the following table:

	Dec. 31, 1940 Thrift	Oth.	Ttl.	Dec. 31, 1941 Thrift	Oth.	Ttl.
	(In millions of dollars)					
Head office	10	1,753	1,763	10	1,709	1,719
Domestic Branches	128	720	848	125	758	883
Foreign Branches	51	246	297	34	243	277
Total	189	2,719	2,908	169	2,710	2,879

Regarding the National City's foreign operations, Mr. Rentschler reported that the bank's policy of contracting its overseas organization in threatened areas was carried forward "more vigorously" in the past year.

He revealed that during the year the two branches of the International Banking Corporation in Spain were transferred to a Spanish commercial bank and legal steps were taken to wind up the National City Bank of New York (France) S. A., the French subsidiary of the International Banking Corporation. This left in Europe only two branches, both in London.

In the Far East, Mr. Rentschler said, the branches in Kobe, Osaka and Yokohama as well as those in Harbin and Dairen, in Manchuria, were closed before the outbreak of war with Japan, leaving only a small office in Tokio. The branch at Canton was closed and consolidated with that of Hong Kong, while Peiping had been reduced to an outpost for Tientsin. The remaining local currency deposits were balanced by cash of the country; foreign deposits, mostly in dollars, were protected by assets held outside war areas. Bank buildings at Harbin, Osaka and Shanghai were sold during the year. All premises now owned in the Far East, Mr. Rentschler said, are fully reserved against. Exposure of the bank potentially is larger in Manila, he added, but about half the assets rest upon values outside the Philippines.

Mr. Rentschler said that the bank's losses as a result of the war with Japan would not be large, but that it would be some time before the bank's position could be determined. "The closing of branches," he said, "means some reduction in current earnings." Latin-American business of the bank's 35 branches has prospered, he also reported.

The National City Bank's statement of condition as of Dec. 31, 1941 was referred to in these columns of Jan. 8, page 133.

Mr. Rentschler also disclosed that net earnings for the City Bank Farmers Trust Co., an affiliate, were $1,183,259 for 1941, as compared with $866,435 in 1940. His report explained these earnings as follows:

> Included in these totals were profits from the sale of securities of $432,548 and $491,676 respectively, which were transferred to reserves. The totals do not include recoveries, which were also added to reserves. No dividends were paid in either year, and all earnings after transfers to reserves were added to undivided profits, bringing that figure at the year-end to $5,830,103. Capital and surplus remain at $10,000,000 each.
>
> The volume of personal and corporate trust business increased in most categories and the amount of new business obtained during the year was encouraging.

In reply to a stockholder's question on the National City's dividend policy, Mr. Rentschler said that it had been on a carefully planned basis and that "there is nothing in the picture now that would justify a cut in the dividend rate."

Urges Savings Banks To Educate In Thrift

Henry Bruere, President of the Savings Banks Association of the State of New York and of the Bowery Savings Bank, called on the mutual savings banks on Jan. 11 "to do now, by united action, the greatest educational job in thrift that America has ever witnessed." In his message, Mr. Bruere reviewed the many ways in which savings banks and their personnel have been contributing to the defense effort. Then he added:

> Now the war is on and the new year starts with its invitation to form plans and set new goals. What measures suggest themselves as helpful and important at this moment of stock taking?
>
> My own belief is that the first thing for us to do is to insure our maximum usefulness by making evident that as a group of institutions we are equipped by history and habit to serve the community well at this time in several important respects.
>
> First, we can strengthen the sense of power and endurance of our people by helping them save for emergency needs and to keep away worry over their personal financial problems when all their mental and nervous strength is needed to help toughen the fibre of America.
>
> Second, we can show how by saving and the use of saved funds for investment in government approved housing or government bonds, each depositor-saver is an enlisted civilian soldier in the great economic effort America must make to win the war.
>
> Third, we can educate the public in how to protect themselves against inflation by practicing thrift; by saving instead of spending.

Besides the educational program. Mr Bruere said, "the savings banks in the year to come should press forward their efforts to improve the quality and condition of their assets." He further said:

> Above all else, management will be expected to rise to higher levels than ever before with better techniques at its command. The year ahead, each day of it, will be a year when the day's work will never be done.
>
> I hope that we shall find continuous opportunity to work together to make the mutual savings banks of New York a strong, tireless weapon in the defense and strengthening of the important part of America our institutions are designed to serve.

Dean Landis Is Named Executive Of The OCD

President Roosevelt announced on Jan. 9 the appointment of James M. Landis, Dean of the Harvard Law School, as "executive" of the Office of Civilian Defense. Mayor F. H. LaGuardia is national Director of the OCD and will continue in that post, being mainly concerned with "perfecting the organization" throughout the country. Under the partial reorganization of the OCD, Mr. Landis, who will receive $10,000 a year, will devote his full time to administration of the Office. The appointment is believed to have been brought about by the criticism of Mayor LaGuardia for trying to direct civilian defense and still continue in his New York post.

Mr. Landis was a member of the Federal Trade Commission in 1933 and 1934 and became a member of the Securities and Exchange Commission in 1934. He was made Chairman of the SEC in 1935, holding the post until 1937, when he was made Dean of the Harvard Law School.

U. S. Munitions Output Must Surpass World's

American business has the task of converting the Nation's productive capacities to the point where this country's output of munitions and ships shall exceed that of the rest of the world combined, according to the Jan. 15 issue of the Cleveland Trust Co. "Business Bulletin." We are dedicated to this task and we can achieve the goal if we try "hard enough, fast enough, and long enough," the "Bulletin" declares. The "Bulletin" also says:

> Quality, quantity, and speed are the ingredients of victory. The one about which we have the least cause for worry is quality. We already know that the fighting quality of our men is high. That has been demonstrated at Pearl Harbor, at Wake, and in the Philippines. We need not worry about the combat quality of our soldiers and sailors, on land, in the air, at sea, and under the sea. Neither need we worry about the quality of our planes, tanks, ships, and weapons. They are strictly high-grade instruments of war.
>
> Quantity and speed are the factors about which we do need to have great concern. We have been preparing for this war for nearly two years now, and the quantities of munitions that we have succeeded in producing are not as yet even remotely adequate for equipping our own armed forces, and for contributing largely to the equipment of the other nations that are fighting beside us against our common enemies. We are the leading industrial nation of the world, and our specialty is mass production. Our task now is to develop genuine mass production of munitions, and to do it on a vast scale.
>
> We must do it not merely on a vast scale, but with the greatest possible speed, for time is running against us. This World War will be won or lost by American business, and that is the shocking truth about which all American business men should be thinking. They should be acting while they are thinking, and thinking while they are acting, because upon them depends the future of our civilization. War has suddenly become our greatest business, and the mass production of munitions is our paramount industry. Our technical knowledge and skill, our supply of manpower, and our plant and equipment facilities must be fully coordinated to produce the needed expansion in the output of munitions.

Chicago Mercantile Exchange Governors

Members of the Chicago Mercantile Exchange elected six governors to serve two years and a nominating committee for 1942 in annual balloting on Jan. 8. All the successful candidates were regular slate nominees.

Reelected to the Board of Governors were Garrett B. Shawhan of G. B. Shawhan Co., President of the exchange; Thomas J. Ryan of Beatrice Creamery Co.; and Max Weinberg of Weinberg Bros. & Co. New governors chosen were Maurice Mandeville, associated with Fahnestock & Co.; Frank Priebe of Priebe & Sons, Inc.; and, Joseph Godow of the firm bearing his name.

Officers of the exchange for the ensuing year will be named by the governors following the mart's annual meeting Jan. 19. Elected to the nominating committee were C. S. Borden of S. S. Borden Co.; Frank Darby of Merrill Lynch, Pierce, Fenner & Beane; Joseph J. Fox of the Peter Fox Sons Co.; Henry Gatlin of Dauber Bros.; and C. C. Tatham, Jr., of Tatham & Company, Inc.

SEC Adopts Form For Unit Trusts

On Jan. 9 the Securities and Exchange Commission announced the adoption of a registration form under the Investment Company Act of 1940 for unit investment trusts which are currently issuing securities, including those unit investment trusts which issue periodic payment plan certificates. In explaining this action, the Commission's announcement stated:

> Forms and regulations for registration of inactive unit trusts and management companies which issue periodic payment plan certificates present special problems and will be issued at a later date.
>
> Prior to adoption, drafts of the form were circulated to all unit investment trusts registered under the Act for comment and criticism.
>
> The registration form will not only be available for registration of such unit investment trusts under the Investment Company Act of 1940, but it also is contemplated that it may be used, with certain additional information, for the registration of new issues of securities of such unit investment trusts under the Securities Act of 1933.
>
> The form requires comprehensive information with respect to the organization, operation and management of the companies and the rights and obligations of security holders. The form also requires the submission of detailed financial information, including certain over-all experience tables as to volume of distribution, termination, lapses, etc. of trusts issuing periodic payment plan certificates.
>
> Copies of the form, which is known as Form N-8B-2, have been sent to all unit investment trusts to which it is applicable. Additional copies may be obtained from the Regional Offices of the Commission.
>
> In connection with the adoption of Form N-8B-2 the Commission amended two existing rules, Rules N-8B-2 and N-45A-1, and adopted a new rule, N-8C-2. Rule N-8C-2 provides for the filing under the Investment Company Act of copies of material already filed under other statutes administered by the Commission in lieu of a registration statement on Form N-8B-2.

NY Reserve Bank Staff Promotions

The Federal Reserve Bank of New York announced on Jan. 9 that its Board of Directors has made the following changes in the official staff of the Bank and of its Buffalo Branch, effective immediately.

At the Head Office

Edward O. Douglas, formerly Manager, Personnel Department, has been appointed an Assistant Vice-President of the Bank.

William A. Heinl of the Personnel Department, has been appointed an officer of the Bank with the title of Manager, Personnel Department,

At the Buffalo Branch

Reginald B. Wiltse, formerly Assistant Manager of the Buffalo Branch, has been appointed Managing Director of the Buffalo Branch. Mr. Wiltse succeeds Robert M. O'Hara, who retired as Managing Director at the close of business Dec. 31, 1941, having reached the retirement age—65 years—under the Retirement System of the Federal Reserve Banks.

George J. Doll of the staff of the Buffalo Branch, has been appointed an officer of the Buffalo Branch with the title of Assistant Cashier.

Eccles Urges Mayors To Oppose Local Tax Reductions, Asks End Of Tax Exempts

In an address before the Annual Conference of Mayors, Jan. 13, Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, urged the city officials to oppose tax reductions in their respective municipalities and to strive to put an end of the issuance of tax-exempt securities. Reduction of taxes by cities and States, Mr. Eccles explained, would "negative what the Federal Government is seeking to accomplish in controlling inflation through increasing Federal taxation." Present taxes should be maintained, he said, thereby enabling local Governments to pay off their public debts. In asking the city officials to exert their influence to terminate the issuance of tax-exempt securities, Mr. Eccles declared that at the present time it is important that our tax structure be as fair and equitable as we can make it.

The Annual Conference of Mayors was held on Jan. 13 at the Mayflower Hotel in Washington, D. C. Mayor LaGuardia of New York City, President of the Conference, presided. The following is the portion of Mr. Eccles' address urging opposition to tax reductions and the abolition of the issuance of tax-exempt securities:

> There are two particularly timely subjects that I should like to mention, though I suspect they will not be popular with many of you. Specifically, you can oppose tax reductions in your cities and you can exert all your influence to put an end to the issuance of tax-exempt securities. As to the latter, the Federal Government has led the way. Your States and cities should follow. Let me tell you why these two lines of action are so necessary and important.
>
> As you all know, the enormous military demands for materials and man power have made it necessary for the President to call upon the public to reduce its expenditures and thus to release resources urgently needed for war purposes. The same considerations should lead government at every level, Federal, State and local, to reduce or postpone all expenditures that are not essential for the war effort and maintenance of civilian morale. Public works, all plans for capital improvements, should be deferred so far as possible until after the war, when such expenditures can be timed to stimulate production and maintain employment.
>
> There is one exception to this rule so far as your cities are concerned. In those communities experiencing rapid expansion because of defense activities and the influx of population, it is manifestly impossible to curtail—for you must extend police and fire protection and all the other essential public services needed to take care of this sudden but probably temporary growth. Because, in all probability, this growth is not permanent, part, if not all, of the costs of extending public services should be treated as defense work and thus should be financed with Federal help.
>
> Otherwise, it is urgently necessary that you practice every economy consistent with the maintenance of essential services. This does not mean that you should reduce local taxation, however plausible that may seem at first. For to the extent that you reduce local taxation, you negative what the Federal Government is seeking to accomplish in controlling inflation through increasing Federal taxation. The taxpayer's contribution to the war effort is made by reducing his personal expenditures for goods and services, thus aiding in the shift of economic resources to military purposes. To the extent that the Federal tax pressure upon the taxpayer is offset by reduction of State and local taxes, the economic purpose of the Federal tax program is defeated. Accordingly, instead of reducing local taxes, you should maintain them, thereby enabling you to pay off your public debts. If you have no such obligations, then invest the funds in Government securities, thus helping to finance the war. This is the time to pay off or reduce local public debts as well as private debts, thereby helping to offset the inflationary factors arising from expansion of the Federal debt, while at the same time building up a credit reserve for use in the post-war era. Repayment of your securities would make available to those who hold them funds which they could invest in Government securities. Indeed, you have a rare opportunity for a major achievement in financial statesmanship. I hope that opportunity will be grasped.
>
> You can make another real contribution to financial statesmanship by opposing any further issuance of tax-exempt securities by your States and cities. In these critical times it is more important than ever that our tax structure be as fair and equitable as we can make it. There is no more glaring loophole in the tax picture than that afforded to the wealthy by reason of tax-exempt securities. They are a hide-out and a haven where the man of means can put his money and insulate himself from paying the increased taxes that must be exacted today all down the line, extending to small groups that have not been subjected heretofore to income taxes. While I do not see how taxation can be levied in good faith on the tax-exempts already issued, there should be a discontinuance of this inequitable practice so far as all future refunding or new issues are concerned.
>
> How can anybody justify raising tax rates all down the line, even to the low income groups as is necessary both to war-financing and to the control of inflation, while allowing those of large means to escape by investing in tax-exempts? It is indefensible. And bear in mind that the more taxes have to be increased, the more valuable the tax-exempt privilege becomes. For example, by putting his money into tax-exempts, even under the present income tax, the man with a million-dollar income saves $79 for every $100 of income derived from tax-exempts. The man with an income of $100,000 thus saves $69 on every $100 of income from tax-exempts—and so on. The tax-exempt privilege is worth the most to the wealthy and the least to those of small means—quite the opposite of democratic conceptions of justice. To the man with the million-dollar income, the tax-exemption privilege afforded by a municipal bond yielding 2% is worth as much as a taxable security that yields 9½%.
>
> All other types of incomes—salaries, wages, dividends—are subject to the rising rates of taxation, to say nothing of business and other risks. It is only the recipient of the tax-exempt income who is free of all risks. Taxes that compel all other groups to curtail their living standards as a necessary contribution to the winning of the war do not touch him. As for the comparatively small saving in the amount of interest paid by the public bodies which issue tax-exempts, far more is lost to the economy by allowing the wealthy to escape through this loophole than is saved in interest. Remember also that your local citizens pay Federal taxes—and the bulk of them pay heavily for the exemptions thus afforded to the wealthy.

Defense Bond Sales Up Savings Deposits Down

That people are not saving any substantial portion of their current income is the inevitable conclusion to be drawn from statistics on deposits and Defense Bond sales reported by the savings banks of New York State on Jan. 16. For despite record purchases of Defense Bonds during December, it is explained, these purchases were more than offset by withdrawals from savings accounts.

Total sales of defense securities by the New York State savings banks during December amounted to $29,577,000, bringing the total since the program was initiated on May 1 to over $103,000,000. During the same month, however, the loss in deposits was $27,550,000, despite $34,900,000 added as year-end dividends, bringing the decline in savings deposits to $134,697,000 for the full year.

"The loss in deposits is not important when compared with the $5,548,711,000 on deposit with the savings banks at the year end," stated Henry Bruere, President of the State Association of Mutual Savings Banks and the Savings Banks' Liaison Officer with the Treasury Department. "However, it is apparent that many people, in their enthusiasm to support the Defense Savings Campaign, have overlooked the true objective of the Treasury Department. This is to attract new savings out of current income. Instead, they have drawn on existing savings for their Defense Bond purchases. Unfortunately, meeting the Treasury's financial requirement is not that simple. Withdrawals of savings deposits generally necessitate sales of Government bonds by the savings institutions in order to maintain proper cash reserves. Thus savings so transferred are merely switched from one type of Government bond to another, with little if any net gain to the defense financing program and at an actual increase in cost to the Government."

Not until there is widespread shrinkage in civilian consumer spending, and regular additions to total savings, Mr. Bruere added, "will the campaign for Victory receive the right kind of popular financial support, and the preservation of a sound economy be assured."

Grain Sales Price

The U. S. Department of Agriculture said on Jan. 1 that no change would be made in the minimum sales prices for pooled wheat during the period ending Jan. 14, 1942. The sales program originally announced on Dec. 16, 1941 (see issue of Jan. 1, page 29) provides for the offering by the CCC of 1939 and 1940 pooled wheat at the market price but not less than 15 cents over the 1941 loan value. Premiums and discounts established under the 1941 loan program also are used in determining the minimum sales prices. The Department also announced that Government-owned corn stored in terminal and sub-terminal elevators will be offered by the CCC at 82 cents for No. 2 yellow corn, basis Chicago. The previous price was 81 cents.

Brooklyn Trust Co. Operating Net $681,130

Net operating earnings of the Brooklyn Trust Co., Brooklyn, N. Y., for the year 1941, after all expenses, interest, and taxes, were $681,130, which compare with $700,700 in the year 1940, according to the statement of George V. McLaughlin, President of the bank, given to stockholders at their annual meeting on Jan. 12. Mr. McLaughlin reported that the earnings were disposed of as follows: total for reserves, $267,300; to undivided profits, $10,830; to surplus, $75,000, and dividends paid, $328,000. President McLaughlin also said:

> The Company's holdings of United States Government securities were $53,211,270 at the end of 1941, against $36,311,373 at the beginning of the year, an increase of $16,899,897. Approximately 13% of our holdings mature within 5 years, 29% either mature or become callable in from 5 to 10 years, 55% mature or become callable in 10 to 20 years, and 3% are not callable within 20 years.

He reported that the bank is active in national defense financing, making 48 loans totaling $6,401,698 during the year to finance operations of private business concerns working on government contracts in connection with national defense. Of this amount, $3,050,686 was outstanding at the year-end, the rest having been repaid in the usual course of business.

President McLaughlin stated that the bank is also actively engaged in selling Defense Savings Bonds, the sales totaling $6,020,800 since they were first offered to the public on May 1, 1941.

In his general comments, Mr. McLaughlin said:

> Banking institutions must and will play an important part in helping to win the war. They will undoubtedly increase their holdings of Government securities, extend additional credit to defense contractors, and continue to sell Defense Savings Bonds to the public. Our duty, like that of everyone else, is to help the Government carry the war to a successful conclusion, regardless of whatever readjustments we must make.

SEC Amends Holding Company Form U5S

The Securities and Exchange Commission on Jan. 7 announced the adoption of a number of amendments to Form U5S, which is the form used by registered holding companies in filing annual reports under the Public Utility Holding Company Act of 1935.

The amended Form U5S is marked "Adopted Dec. 31, 1941." Annual reports on this form are required to be filed on or before the first day of May of each year, covering the prior calendar year. The amendments to the form involve a number of minor changes, principally of a clarifying nature, the SEC explained.

In addition, the Commission adopted supplementary instructions of a temporary character which are presently made applicable only to the reports covering the year 1941. These temporary instructions dispense with the requirement of responding to certain items in the form, and permit a simplification of the answers to certain other items. In addition, the temporary instructions provide for filing, in a special confidential supplement, the maps and descriptions of changes in physical plant called for by items 6 (b), Exhibit E, and comparable information filed as part of Exhibit G to the form.

Lamont Makes Appeal In Red Cross Fund Drive

Thomas W. Lamont, Chairman of the National Advisory Committee of the American Red Cross, made an appeal on Jan. 8 for support of the Red Cross drive for $50,000,000 in an address at a dinner of the Greater Boston United War Fund. Saying that this is a "war measure," Mr. Lamont, who is Vice-Chairman of the Board of J. P. Morgan & Co. Incorporated stated that the Red Cross "must go to soldier in the field and to bluejacket on outlying naval stations." He called the Red Cross a "unique American institution" which in itself, aside from the immense services it renders, is "worthy of all our support as the symbol of the very freedom and democracy that we are working and fighting for." Mr. Lamont added:

> We must see to it that the war chest which is so vital to all these intimate services is filled. This is an appeal today for our own men across the seas or in the camps scattered all over this land. Times have changed, but the need for the personal contact, for the human touch is just the same for our American men and their families as it has always been in every struggle in which we have been engaged. Do not once forget that whatever danger, whatever suffering may come to the men of our armed forces, there the Red Cross will be. And in this, our country's greatest crisis, it is for us to fall to at once, to work to make its task thorough, to make it efficient, to make it complete.

Saying that America seemed for years to have lost her power of indignation "until the Japanese thunderbolt struck," Mr. Lamont said that "we have got to hurry to make up for lost time" when "we had blinded ourselves to the march of events." He went on to criticize the "isolation doctrine" but added that the Japanese invasion has suddenly "brought unity to America" and "former differences of opinion are all dissolved in the general cause that we serve." Stating that "we have now awaked in time if only we take hold at once" Mr. Lamont continued:

> We begin to see not as through a glass darkly but face to face. We see that this country which for years acted internationally as if it were weak and spineless is potentially the strongest in the world. Immense preponderance in raw materials, industry, financial resources, the most highly skilled and efficient staff of workers. We begin to see indeed that America's might is such that, *if rightly directed*, if we have the will, we can win the war and win the peace. But with our strength must come responsibility. No longer in the years to come can we dodge that, be it a privilege or a burden.

He concluded his remarks by declaring:

> Yet—make no mistake—this country has never been in such dire peril as today. The danger is alive. It is before us. We must meet it and meet it today. This great Red Cross effort is one tangible task that must be carried through. It gives us an immediate opportunity to show with new resolve that we are worthy of the men who are bearing our burdens, fighting our fight. It will yield results far beyond the money itself. It will revive and reawaken among us the spirit of self-help and of helping others.

Labor Bureau's Wholesale Price Index Reaches New 12-Year Peak In Jan. 10 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Jan. 15 that agricultural commodity markets rose sharply during the week ended Jan. 10, following Senate action on the price control bill providing for higher farm price ceilings and there were moderate price advances in other markets. The Bureau's index of nearly 900 price series rose 0.7% to 95.0% of the 1926 average, a new 12-year peak.

In explaining the changes, the Bureau's announcement said:

The indexes for 7 of the 10 major commodity groups advanced during the week. The upward movement was led by an increase of 2% in farm product prices, and 0.7% in food prices. Textile products rose 0.9% and building materials, 0.6%. Chemicals and allied products and miscellaneous commodities advanced 0.2% and metals and metal products were 0.1% higher than for the previous week. Prices of fuel and lighting materials and housefurnishings goods declined slightly while hides and leather products remained steady under price ceilings for both hides and leather.

Prices for nearly all agricultural commodities rose sharply during the week. Livestock and poultry advanced 4% as higher prices were reported for cattle, hogs, sheep and live poultry. All grains advanced, ranging from about 1% for wheat to more than 6% for rye. Cotton prices were up about 4% to the highest level since October, 1929. Peanuts rose 14% and prices were also higher for apples, onions and potatoes. Lower prices were reported for eggs and wool. In the past month farm product prices have risen 6½% and are more than 39% higher than a year ago.

Wholesale prices for foods continued to rise and are now at the highest level in nearly 12 years. Meats, dairy products and cereal products rose fractionally as quotations were higher for butter, flour, veal, mutton, ham, fresh pork and beef, for lard, oleomargarine, edible tallow, most vegetable oils and for tea. Sharp declines in prices for bananas and citrus fruits accounted for the decline in the fruit and vegetable subgroup. Cattle feed prices were up 4% over a week ago.

Th advance in prices for raw cotton permitted higher prices for cotton yarns and yard goods under the sliding scale ceiling and caused the index for cotton goods to rise 0.8% during the week. Higher prices were also reported for dress shirts, underwear, cotton hosiery and cordage. Quotations for burlap fell 4.3%.

Average prices for building materials rose 0.6% as a result of higher prices for lumber, particularly most types of Douglas fir, for oak, spruce and for yellow pine boards, finish, flooring and lath. Prices for window glass rose more than 5% and quotations were also higher for gravel, sand, lime and for rosin, tar and turpentine. Quotations were lower for yellow pine dimension, drop siding, and for timbers.

Prices for industrial fats and oils continued to advance and are now more than 158% above the pre-war level. Quotations were also higher for acetic acid and for certain fertilizer materials.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Dec. 13, 1941 and for Jan. 11, 1941 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Jan. 3 to Jan. 10, 1942.

(1926 = 100)

Commodity Groups—	1-10 1942	1-3 1942	12-27 1941	12-13 1941	1-11 1941	Percentage changes to Jan. 10, 1942, from— 1-3 1942	12-13 1941	1-11 1941
All Commodities	95.0	94.3	93.8	93.1	80.2	+0.7	+2.0	+18.5
Farm products	98.8	96.9	95.5	92.8	71.0	+2.0	+6.5	+39.2
Foods	92.5	91.9	91.2	90.4	73.0	+0.7	+2.3	+26.7
Hides and leather products	115.7	115.7	115.6	115.4	102.8	0	+0.3	+12.5
Textile products	92.4	91.6	91.5	91.0	74.2	+0.9	+1.5	+24.5
Fuel and lighting materials	78.9	79.0	79.0	79.0	72.6	—0.1	—0.1	+ 8.7
Metals and metal products	103.5	103.4	103.4	103.4	97.8	+0.1	+0.1	+ 5.8
Building materials	108.9	108.3	108.1	107.8	99.6	+0.6	+1.0	+ 9.3
Chemicals and allied products	95.3	95.1	91.7	91.5	78.2	+0.2	+4.2	+21.9
Housefurnishing goods	102.4	102.5	102.3	102.3	90.4	—0.1	+0.1	+13.3
Miscellaneous commodities	87.7	87.5	87.4	87.5	77.1	+0.2	+0.2	+13.7
Raw materials	94.5	93.4	92.5	91.4	74.1	+1.2	+3.4	+27.5
Semimanufactured articles	91.3	90.3	90.2	90.1	80.8	+1.1	+1.3	+13.0
Manufactured products	96.0	95.5	95.2	94.6	83.4	+0.5	+1.5	+15.1
All commodities other than farm products	94.1	93.7	93.4	93.2	82.3	+0.4	+1.0	+14.3
All commodities other than farm products and foods	94.3	94.1	93.9	93.8	84.4	+0.2	+0.5	+11.7

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JAN. 3, 1942, TO JAN. 10, 1942

Increases

Plumbing and heating	5.9	Cotton goods	0.8
Livestock and poultry	4.0	Other farm products	0.6
Cattle feed	4.0	Cereal products	0.6
Hosiery and underwear	2 8	Dairy products	0.5
Meats	1.7	Fertilizer materials	0.3
Grains	1.6	Leather	0.2
Farm products	1.6	Lumber	0.2
Clothing	1.2	Bituminous coal	0.1
Other building materials	1.2	Drugs and pharmaceuticals	0.1
Other foods	0.9	Paper and pulp	0.1
Oils and fats	0.9		

Decreases

Fruits and vegetables	2.3	Furnishings	0.2
Hides and skins	0.3	Other textile products	0.1

Automobile Financing Reduced In November

The dollar volume of retail automobile financing in November, 1941 was 37.6% under the same month a year ago, according to an announcement released Jan. 14 by J. C. Capt, Director of the Census. Financing in November 1941 was 16.7% under the level of November, 1939. The volume of retail financing for 400 organizations amounted to $94,901,896, a decrease of 11.0% from October, 1941. Between October and November of this year, the volume of wholesale financing — which had risen to $198,874,483 in October—dropped 2.3%. Wholesale financing was 12.1% under a year ago but 44.0% above November, 1939. Retail automobile receivables outstanding on Nov. 30 for 214 firms amounted to $1,379,444,978. These 214 organizations accounted for 93.9% of the total volume of retail financing reported for November by 400 organizations.

The table below presents statistics on wholesale and retail financing for 400 organizations in November; figures of automobile financing for the month of October, 1941, were published in the Dec. 27, 1941 issue of the "Chronicle," page 1680.

Year and Month	Wholesale Financing Volume in Thousand Dollars	Retail Financing (400 Organizations) Total Number of Cars	Total Volume in Thousand Dollars	New Cars Number of Cars	New Cars Volume in Thousand Dollars	Used and Unclassified Cars Number of Cars	Used and Unclassified Cars Volume in Thousand Dollars
1941—							
October	198,874	247,214	106,680	67,162	50,073	180,052	56,606
November	194,258	a208,727	94,901	57,938	44,425	150,789	50,476
Total (11 mos. end. Nov.)	2,257,822	4,193,035	1,920,915	1,416,423	1,028,083	2,776,612	892,832
1940—							
October	221,252	337,304	151,899	127,113	89,475	210,191	62,424
November	220,941	331,040	152,009	124,661	88,574	206,379	63,434
Total (11 mos. end. Nov.)	1,910,123	3,693,167	1,579,374	1,319,539	888,602	2,373,628	690,772
1939—							
October	130,331	267,702	109,792	89,886	59,524	177,816	50,267
November	134,922	272,735	113,940	98,933	63,999	173,802	49,940
Total (11 mos. end. Nov.)	1,327,777	3,077,221	1,243,388	1,047,765	675,037	2,029,456	568,350

a Of this number 27.7% were new cars, 71.9% were used cars, and 0.4% unclassified.

RETAIL AUTOMOBILE RECEIVABLES OUTSTANDING END OF MONTH AS REPORTED BY 214 IDENTICAL ORGANIZATIONS

	1941 $	1940 $		1941 $	1940 $
January	1,180,906,448	876,699,079	July	1,542,871,600	1,105,275,234
February	1,208,702,083	887,096,773	August	1,560,029,489	1,116,928,055
March	1,255,229,506	918,645,709	September	1,493,636,261	1,097,627,143
April	1,340,696,165	971,940,670	October	1,435,361,363	1,114,526,350
May	1,432,542,508	1,021,533,732	November	1,379,444,978	1,137,469,065
June	1,499,983,244	1,063,638,452	December	--------	1,166,050,596

December Living Costs Higher In 56 Cities

Living costs for wage earners and lower-salaried clerical workers increased from November to December in 56 of the 68 industrial cities surveyed each month by The Conference Board. Living costs were unchanged in four cities and were lower in eight. The largest increase was 1.3% in Akron and Grand Rapids. The largest decrease was 1.0% in Newark. In the United States as a whole the cost of living rose 0.5%.

The cost of living was higher in December than in December, 1940, in all of the sixty-one cities for which comparable figures are available. The largest increase was 16.6% and the smallest was 5.9%, in Newark. In the United States the cost of living rose 8.7%.

The following table gives percentage changes in living costs from November to December in all sixty-eight cities.

PERCENTAGE CHANGES IN LIVING COSTS IN 68 CITIES NOVEMBER TO DECEMBER, 1941

Source: The Conference Board

City	% Chge.	City	% Chge.	City	% Chge.
Akron	+1.3	Toledo	+0.6	Wilmington, Del.	+0.3
Grand Rapids	+1.3	Wausau	+0.6	Baltimore	+0.2
Sacramento	+1.2	Anderson	+0.5	Macon	+0.2
Lansing	+1.1	Dallas	+0.5	Omaha	+0.2
Seattle	+1.1	Evansville	+0.5	Cleveland	+0.1
Dayton	+1.0	Joliet	+0.5	Fall River	+0.1
Oakland	+0.9	Lewistown	+0.5	Front Royal	+0.1
Parkersburg	+0.9	Los Angeles	+0.5	Kansas City, Mo.	+0.1
San Francisco	+0.9	Meadville, Pa.	+0.5	Lynn	+0.1
Syracuse	+0.9	Muskegon	+0.5	Pittsburgh	+0.1
Birmingham	+0.8	Portland, Ore.	+0.5	Cincinnati	0
Des Moines	+0.8	Richmond	+0.5	Providence	0
Milwaukee	+0.8	Memphis	+0.4	St. Paul	0
Erie	+0.7	Philadelphia	+0.4	Spokane	0
Trenton	+0.7	Rochester	+0.4	Boston	—0.1
Youngstown	+0.7	Rockford	+0.4	Chicago	—0.1
Bridgeport	+0.6	Saginaw	+0.4	Louisville	—0.1
Buffalo	+0.6	Denver	+0.3	Atlanta	—0.2
Chattanooga	+0.6	Detroit	+0.3	New Haven	—0.2
Duluth	+0.6	Flint	+0.3	New Orleans	—0.2
Houston	+0.6	Minneapolis	+0.3	Manchester	—0.5
Indianapolis	+0.6	New York	+0.3	Newark	—1.0
St. Louis	+0.6	Roanoke	+0.3		

December Cotton Consumption Continues High

Under date of Jan. 14, 1942, the Census Bureau issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles, and imports and exports of cotton for the month of December, 1941, and 1940. Cotton consumed amounted to 887,326 bales of lint and 110,612 bales of linters, as compared with 777,482 bales of lint and 104,462 bales of linters in December, 1940.

December consumption of cotton includes 1,200 bales distributed by Surplus Marketing Administration through various cotton mattress programs. The following is the statement:

DECEMBER REPORT OF COTTON CONSUMED, ON HAND, IMPORTED AND EXPORTED, AND ACTIVE COTTON SPINDLES

(Cotton in running bales, counting round as half bales, except foreign which is in 500-pound bales.)

	Year	Cotton consumed during December (bales)	Cotton consumed during 5 mos. ending Dec. 31 (bales)	Cotton on hand December 31 In consuming establishments (bales)	Cotton on hand December 31 In public storage and at compresses (bales)	Cotton spindles active during December (number)
United States	1941	*887,326	4,440,454	2,393,782	13,713,773	23,063,112
	1940	777,482	3,578,607	1,837,091	15,050,823	22,799,060
Cotton-growing States	1941	753,623	3,771,145	1,965,122	13,326,808	17,404,194
	1940	666,920	3,065,710	1,538,279	14,799,340	17,261,044
New England States	1941	108,423	528,499	360,073	367,702	5,009,228
	1940	89,126	415,494	254,642	242,710	4,919,860
All other States	1941	25,280	140,810	68,587	19,263	649,690
	1940	21,436	97,403	44,170	8,773	618,156
INCLUDED ABOVE						
Foreign cotton	1941	17,061	78,811	94,903	56,092	
	1940	9,687	49,886	60,884	33,143	
Amer.-Egyptian cotton	1941	3,647	14,897	14,168	9,530	
	1940	1,928	9,446	11,112	7,490	
NOT INCLUDED ABOVE						
Linters	1941	110,612	622,291	526,647	115,094	
	1940	104,462	507,804	500,529	76,269	

*December consumption of cotton includes 1,200 bales distributed by Surplus Marketing Administration through various cotton mattress programs.

Imports And Exports Of Cotton And Linters

In the interest of national defense the Department of Commerce has decided to discontinue until further notice the publication of detailed statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Jan. 16 a summary for the week ended Jan. 10, 1942, 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

Week Ended Jan. 10, 1942—	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	20,507
Number of shares	511,524
Dollar value	17,654,001
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	447
Customers' other sales*	14,790
Customers' total sales	15,237
Number of Shares:	
Customers' short sales	13,693
Customers' other sales*	347,510
Customers' total sales	361,203
Dollar value	12,238,513
Round-lot Sales by Dealers— Number of Shares:	
Short sales	140
Other sales†	86,270
Total sales	86,410
Round-lot Purchases by Dealers—	
Number of shares	169,930

*Sales marked "short exempt" are reported with "other sales." †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."

Market Transactions In Govts. For Dec.

Market transactions in Government securities for Treasury investment accounts in December, 1941, resulted in net purchases of $60,004,000, Secretary Morgenthau announced on Jan. 15. There were no sales or purchases in November.

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

1940—	
January	$9,475,000 sold
February	20,801,000 sold
March	5,700,000 sold
April	1,636,100 sold
May	387,200 purchased
June	934,000 purchased
July	No sales or purchases
August	No sales or purchases
September	$300,000 sold
October	4,400,000 sold
November	284,000 sold
December	1,139,000 sold
1941—	
January	$2,785,000 purchased
February	11,950,000 purchased
March	No sales or purchases
April	$743,350 sold
May	200,000 sold
June	447,000 purchased
July	No sales or purchases
August	No sales or purchases
September	$2,500 sold
October	200,000 sold
November	No sales or purchases
December	$60,004,000 purchased

St. Louis Reserve Bank Net

Chester C. Davis, President of the Federal Reserve Bank of St. Louis, announced on Jan. 6 that current earnings of the bank during 1941 amounted to $1,965,000 while current expenses were $1,609,000, leaving current net earnings of $356,000. His statement continued:

Addition to current net earnings amounted to $60,000 and consisted principally of profits from sales of United States Government securities. Deductions from current net earnings amounted to $120,000, being for the most part depreciation on bank premises.

The net earnings for the year were $296,000. They were distributed as follows: Dividends to member banks $259,000 and net addition to surplus accounts $37,000.

N. Y. State Factories Making War Materials Hire Additional Workers; Payrolls Higher

Defense plants in New York State continued to hire additional workers between the middle of November and the middle of December, according to a statement issued on Jan. 10 by Industrial Commissioner Frieda S. Miller. Outside of the defense plants, the trend of factory employment in the State was slightly downward. Eight of the 11 main industry groups and 36 of the 55 individual industry classifications showed fewer workers employed in December than in November. Payrolls in most industries were a little higher in December than in November. Commissioner Miller's statement added:

These statements are based on preliminary tabulations covering reports from 2,140 representative manufacturing concerns in the State. These firms employed 550,750 people during the week ending nearest the 15th of December and paid them $19,790,347 in salaries and wages for that week. Index numbers for December compiled by the Division of Statistics and Information, under the direction of Dr. E. B. Patton, were 126.8 for employment and 156.2 for payrolls compared with 100.0 for the base period 1925-1927. These figures represent increases over November of 0.3% in employment and 3.5% in payrolls. Compared with December, 1940, employment had risen 22.4% and payrolls 44.5%.

The only plants that were hiring large numbers of workers between November and December were in the metals industries. Hundreds of additional employees were hired for the manufacture of firearms, ships tanks, instruments, airplanes, electrical machinery and other war materials. A few firms smelting and refining metals and some making nondefense materials from metals reported fewer employees and lower payrolls in December than in November. These reductions were not explained by the firms but may have been due to either shortage of raw materials or reduced production schedules.

Payrolls Higher In All Districts

December reports for the principal industrial centers of the State reveal increases in employment in the Utica, Rochester and Albany-Schenectady-Troy areas. Big increases at plants making war materials occurred in all of these districts. The Buffalo area showed a net increase in payrolls due to gains at plants making airplanes, nonferrous metals, ships and other war materials. Employment in the district fell off a little, due chiefly to lay-offs in the steel and heating apparatus industries. The Syracuse and Binghamton-Endicott-Johnson City areas showed little net change in employment but payrolls in both districts were higher in December. Metal industries contributed most of the payroll increases. Even in the New York City district, where metal industries ordinarily are subordinate to the clothing trades, gains in employment at airplane factories and at plants making instruments for war equipment more than equalled the seasonal losses at fur and clothing concerns.

	Nov. to Dec. '41 % Change		Dec. '40 to Dec. '41 % Change	
City	Empl.	Payr.	Empl.	Payr.
Utica	+1.3	+3.9	+28.5	+65.9
Rochester	+1.1	+3.7	+22.4	+46.4
Albany-Schenectady-Troy	+1.0	+4.5	+36.0	+60.4
Syracuse	+0.4	+1.6	+21.7	+44.0
New York City	+0.2	+4.0	+17.7	+32.3
Binghamton-Endicott-Johnson City	+0.1	+2.2	+11.4	+44.8
Buffalo	—0.3	+3.9	+22.1	+43.9

Commercial National Bank 1941 Earnings

Gross earnings of the Commercial National Bank & Trust Co., New York City, in 1941 were $2,562,235, while net earnings, after deducting expenses, taxes and deposit insurance, were $907,357, according to the annual report of Herbert P. Howell, Chairman of the Board, and Walter G. Kimball, President, which was presented to shareholders at the bank's annual meeting on Jan. 13. The report said that there are no indicated losses in the bank's assets. As to the bank's condition the report stated:

The statement of your bank at Dec. 31, 1941, shows deposits at the year end of $160,709,500 compared with $148,033,218 at the close of 1940. Cash on hand, in Federal Reserve bank and due from banks and bankers was $65,981,080 as compared with $70,144,090. Included in this item is the reserve which the bank is required to keep on deposit with the Federal Reserve Bank of New York, which under present regulations represents 26% of demand deposits and 6% of time deposits, the rates having increased, respectively, since Nov. 1, 1941, from 22¾% and 5%.

U. S. Government securities of $70,457,549 at the year end compared with $53,931,784 held on Dec. 31, 1940. Of our portfolio 28.7% mature in five years, 16.5% in six to 10 years, and 54.8% in 11 to 15 years.

Loans and Discounts totaled $36,281,004 at the close of the year as compared with $34,058,811.

Our earnings for the year, exclusive of recoveries, are as follows:

Gross earnings	$2,562,235.90
Less expenses, tax., & deposit insur.	1,654,878.52
Net earn. ($12.96 per share)	$ 907,357.38

Profits on securities sold included in gross earnings are $137,662. Additional profits on securities sold of $816,843, which were not included in gross earnings, were applied as follows:

$772,478 applied to cost of securities.

$44,368 held in a deferred profits account.

After the payment of dividends of $560,000, undivided profits increased to $2,094,264 from $1,746,907. Unallocated reserve for contingencies was $1,776,938 as compared with $1,642,268.

In conclusion, the report had the following to say:

Our nation is at war. The primary responsibility of management of every American business institution is to contribute to the fullest extent to its successful prosecution. The economy will be greatly stimulated through high production activity and increasing governmental expenditures. In the public interest, there will be additional governmental regulation and control and management will face new and unusual problems. Judgment will be required without the guidance of historical or traditional background, but American business will accept this challenge with courage and full confidence in ultimate victory. Your bank is prepared to do its part in this emergency.

Bankers Dollar Acceptances Outstanding On December 31 Total $194,220,000

The volume of bankers' dollar acceptances outstanding increased $630,000 during December to $194,220,000 on Dec. 31, according to the monthly report of the Acceptance Analysis Unit of the Federal Reserve Bank of New York issued Jan. 15. As compared with a year ago, the Dec. 31 total is $14,439,000 below Dec. 31, 1940, when the acceptances outstanding amounted to $208,659,000.

The increase in the month-to-month analysis was caused by gains in credits for imports and exports, while in the year-to-year comparison credits for imports, domestic shipments and domestic warehouse were higher.

The Reserve Bank's report for Dec. 31 follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Dec. 31, 1941	Nov. 29, 1941	Dec. 31, 1940
1 Boston	$25,004,,000	$22,031,000	$22,704,000
2 New York	122,496,000	124,414,000	143,729,000
3 Philadelphia	9,924,000	10,448,000	11,010,000
4 Cleveland	3,317,000	2,951,000	2,532,000
5 Richmond	1,362,000	1,636,000	1,248,000
6 Atlanta	2,379,000	1,430,000	1,952,000
7 Chicago	4,767,000	4,585,000	5,399,000
8 St. Louis	665,000	744,000	675,000
9 Minneapolis	115,000	168,000	912,000
10 Kansas City	------	------	------
11 Dallas	2,755,000	2,806,000	53,000
12 San Francisco	21,436,000	22,377,000	18,445,000
Grand Total	$194,220,000	$193,590,000	$208,659,000

Increase for month $630,000. Decrease for year $14,439,000.

ACCORDING TO NATURE OF CREDIT

	Dec. 31, 1941	Nov. 29, 1941	Dec. 31, 1940
Imports	$116,496,000	$115,699,000	$109,206,000
Exports	14,639,000	13,544,000	18,143,000
Domestic shipments	11,708,000	11,894,000	9,579,000
Domestic warehouse credits	35,967,000	36,095,000	34,388,000
Dollar exchange	4,006,000	4,506,000	9,882,000
Based on goods stored in or shipped between foreign countries	11,404,000	11,852,000	27,461,000

BILLS HELD BY ACCEPTING BANKS

Own bills $91,701,000 Bills of others $54,018,000 Total $145,719,000

Increase for month, $1,832,000

CURRENT MARKET RATES ON PRIME BANKERS' ACCEPTANCES, JAN. 15, 1942

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

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

1939—			1940—			1941—		
Jan.	31	$255,402,175	Jan.	31	$229,230,000	Jan.	31	$212,777,000
Feb.	28	248,095,184	Feb.	29	233,015,000	Feb.	28	211,865,000
Mar.	31	245,016,075	Mar.	30	229,705,000	Mar.	31	217,312,000
Apr.	29	237,831,575	Apr.	30	223,305,000	Apr.	30	219,561,000
May	31	246,574,727	May	31	213,685,000	May	31	215,005,000
June	30	244,530,440	June	29	206,149,000	June	30	212,932,000
July	31	236,010,050	July	31	188,350,000	July	31	209,899,000
Aug.	31	235,034,177	Aug.	31	181,813,000	Aug.	30	197,472,000
Sept.	30	215,881,724	Sept.	30	176,614,000	Sept.	30	176,801,000
Oct.	31	221,115,945	Oct	31	186,789,000	Oct.	31	184,806,000
Nov.	30	222,599,000	Nov.	30	196,683,000	Nov.	29	193,590,000
Dec.	30	232,644,000	Dec.	31	208,659,000	Dec.	31	194,220,000

Board Named To Settle Ship Labor Disputes

Appointment of Dr. John R. Steelman of the Department of Labor, Captain Edward Macaulay of the United States Maritime Commission and Dr. Frank P. Graham, President of the University of North Carolina, as members of the new Maritime War Emergency Board was announced on Jan. 4 by Rear Admiral Emory S. Land, Chairman of the Maritime Commission. In advices Jan. 5 from Washington to the New York "Times" it was stated:

The Board, which is set up as the result of a petition to the President by the Maritime Labor Conference on Dec. 19, is empowered by agreement reached by employers and employes in the American merchant marine to settle differences that may arise between sea-going personnel and operators of American merchant ships. It is also to establish war areas and determine a proper uniform basis for payment of war-risk insurance on the lives of crew members and war bonuses to be paid to crews on ships operating in the war areas.

The Maritime Labor Conference between employers and employes, which was called jointly by the Maritime Commission and the Department of Labor, in addition to asking the President to appoint the board, agreed there would be no strikes or lockouts during the war period, that all rights guaranteed to labor and industry under collective bargaining will be retained and all agreements and obligations in existence will in no way be violated.

NY Community Trust Ups Payment In 1941

Philanthropic appropriations made by The New York Community Trust in 1941 rose to $398,504, exceeding by 75% the $222,964 paid out in 1940, it was announced on Jan. 12. The Trust's cumulative charitable grants since 1925 total $2,957,000.

From 57 charitable funds now comprising the Community Trust, outpayments in 1941 went to beneficiaries in 16 states. The largest amount, $65,368, went to the Salvation Army which used approximately 35% of it in subsidizing the furnishing of approximately 500,000 meals at less than cost. Through the American Red Cross, the Trust paid $50,000 to the Women's Voluntary Services in London to assist girls in the bombed areas of Britain. The third largest grant, $42,253, was made in support of visiting nurse service in New York and Brooklyn. Payments to the Community Service Society were $23,298; to the Hebrew University in Palestine, $16,369; and to the United Hospital Fund, $15,942.

Lend-Lease to Uruguay

A lend-lease agreement between the United States and Uruguay was signed in Washington on Jan. 13. Under the pact the South American republic will receive military and naval supplies from the United States. The nature and amount of the supplies was not revealed. Secretary of State Cordell Hull and Uruguayan Ambassador Juan Carlos Blanco signed the agreement.

Ransom Is Renamed To Federal Reserve Board

Ronald Ransom of Georgia was nominated by President Roosevelt on Jan. 7 for reappointment as a member of the Board of Governors of the Federal Reserve System for a 14-year term beginning Feb. 1.

Grace National Bank Shows Gains In 1941

At the annual meeting of the stockholders of the Grace National Bank of New York, held on Jan. 13, Chester R. Dewey, President of the Bank, explained that during the year 1941 all departments of the bank experienced the greatest growth in its history. The bank's deposits increased during the year from $43,858,880 to $50,693,014. Mr. Dewey announced that the earnings of the foreign department of the bank almost doubled and the earnings from the trust and clearance departments substantially increased as did the income from loans and investments.

He also stated that the development of closer relations with Latin America contributed importantly to the business of the bank "not only because of the special attention we paid to business with that area, but also because we were able to reap the benefit of long years of association of the Grace organization with Latin American affairs."

"Since our business has been increasing" said Mr. Dewey, "during the latter months of the year and reached its peak in December, there is reason to feel that the upward trend may be carried forward through 1942." Mr. Dewey added:

Our operating income for 1941 amounted to $165,492 or $11.03 per share, as compared with $102,039 or $6.80 per share in 1940. These results are after substantially increased payments for deposit insurance, which amounted to $2.49 per share, and Federal and State income taxes of $1.51 per share. After taking into account profits on sales of securities, charge-offs on loans and recoveries, the net result of all operations for the year was $242,018 or $16.13 per share, as compared with $146,225 or $9.76 per share in 1940. The profits on sales of securities are not carried into our operating earnings but instead are reflected in our reserve accounts.

During the latter months of the year we increased substantially our investment in Government bonds, but the improved yields which were then obtainable were not effective for a long enough period of time to change the downward trend of yield on total loans and investments for the year.

At the meeting, Clark Haynes Minor, President of the International General Electric Co. and a Director of the General Electric Co., was elected a director of the bank.

L. A. Steinhardt Named U. S. Envoy To Turkey

Laurence A. Steinhardt, United States Ambassador to Russia, was nominated by President Roosevelt on Jan. 7 to be Ambassador to Turkey. He was named to succeed John V. A. MacMurray, whose resignation the President accepted in order to avail himself of Mr. MacMurray's service in Washington in view of his long experience in the Far East and the Near East. Both men are at present in the United States. Mr. Steinhardt has held the Soviet post since March, 1939, when he succeeded Joseph E. Davies. Prior to that time he was Minister to Sweden, 1933-37 and Ambassador to Peru 1937-39.

The Senate on Jan. 12 confirmed this nomination.

Weekly Statistics of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1940—Month of—					
January	528,155	579,739	167,240	72	71
February	420,639	453,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236,693	79	73
July	544,221	587,339	196,037	72	73
August	452,613	487,127	162,653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184,002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640.188	649.021	554.417	98	--
December	743,637	760,775	530,459	93	--
1941—Week Ended—					
July 5	149,197	129,019	529,633	74	82
July 12	147,365	131,531	542,738	77	82
July 19	168,431	156,989	550,902	92	81
July 26	182,603	160,609	572,532	92	82
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,860	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87
Nov. 29	169,111	164,875	554,417	101	87
Dec. 6	181,185	166,080	567,373	102	87
Dec. 13	149,021	163,226	553,389	101	88
Dec. 20	149,874	166,948	535,556	101	88
Dec. 27	116,138	124,258	523,119	76	88
1942—Week Ended—					
Jan. 3	147,419	140,263	530.459	86	88
Jan. 10	162,493	166,095	527,514	101	--

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

New Crude Oil Production Record Established In November—Crude Runs To Stills Decline

Daily average crude-oil production again established a new record, it is reported by the Bureau of Mines, U. S. Department of the Interior. The total output in November was 123,355,000 barrels, the daily average of 4,111,800 barrels being 42,600 barrels higher than in October. The Bureau's report further states:

The major part of the increase in output in November was in Texas, where every major area showed a gain. The Texas Gulf Coast reached a new record of 405,900 barrels daily, the first time the 400,000-barrel mark has been exceeded. Mississippi and Coastal Louisiana set new records but Illinois was down to just above 400,000 barrels daily.

The gain in daily average crude-oil production in November, coupled with a decline in crude runs, reacted to reduce the withdrawal from refinable stocks of crude oil from around 2,400,000 barrels in October to virtually nothing in November.

Refined Products

Daily average crude runs to stills declined for the first time since March; the November average was 4,051,000 barrels, compared with 4,089,000 barrels in October. The chief occurrence in yields of products in November was a gain of 1% in gasoline, the average of 45.2% for November being the highest since November, 1939.

The prohibition against the publication of import and export figures in any form is still effective, hence no demand figures are given in this report. However, it may be calculated that the total demand for motor fuel for November, 1941, was about 56,900,000 barrels, or 11% above a year ago. This was nearly a "normal" gain, reflecting principally the lifting of restrictions in the eastern States. The high production rate for motor fuel resulted in an increase of nearly 5,000,000 barrels in inventories, and total stocks were 87,278,000 barrels on Nov. 30, or about 7,750,000 barrels above a year ago.

Indications are that a material decline in the demand for distillate fuel oil on the East Coast in November, 1941, as compared with a year ago was compensated by gains in the rest of the country. Also a gain of about 15% in the demand for heavy fuel oil in the East Coast was matched by a similar gain elsewhere.

According to the Bureau of Labor Statistics, the price index for petroleum and products in November, 1941, was 60.4, compared wtih 61.7 in October and 49.3 in November, 1940.

The crude-oil capacity represented by the data in this report was 4,590,000 barrels, hence the operating ratio was 88%, compared with 89% in October and 82% in November, 1940.

SUPPLY AND DEMAND OF ALL OILS
(Thousands of barrels)

	November, 1941	October, 1941	November, ‡1940	January-November 1941	January-November ‡1940
NEW SUPPLY					
Domestic production:					
Crude petroleum	123,355	126,145	107,137	1,275,889	1,242,442
Daily average	4,112	4,069	3,571	3,820	3,709
Natural gasoline	5,994	5,952	4,879	58,122	50,712
Benzol	287	296	283	3,146	2,868
Total production	129,636	132,393	112,299	1,337,157	1,296,022
Daily average	4,321	4,271	3,743	4,003	3,869
Imports:					
Crude petroleum	*	4,705	3,932	*	37,929
Refined products	*	*	3,016	*	36,870
Total new supply, all oils	*	*	119,247	*	1,370,821
Daily average	*	*	3,975	*	4,092
Decrease in stocks, all oils	2,066	3,962	†6,877	†12,403	41,626
DEMAND					
Total demand	*	*	126,124	*	1,329,195
Daily average	*	*	4,204	*	3,968
Exports:					
Crude petroleum	*	2,840	3,805	*	49,422
Refined products	*	*	6,090	*	74,053
Domestic demand:					
Motor fuel	*	*	49,113	*	543,038
Kerosene	*	*	6,768	*	60,968
Distillate fuel oil	*	*	16,848	*	141,149
Residual fuel oil	*	*	29,980	*	305,885
Lubricating oil	*	*	2,449	*	22,815
Wax	*	*	110	*	1,162
Coke	*	*	498	*	6,331
Asphalt	*	*	1,783	*	26,869
Road oil	439	750	298	8,740	7,680
Still gas	6,410	6,774	5,937	70,597	69,928
Miscellaneous	*	*	188	*	2,192
Losses	*	2,988	2,257	*	17,703
Total domestic demand	*	*	116,229	*	1,205,720
Daily average	*	*	3,874	*	3,599
STOCKS					
Crude petroleum:					
Refinable in U. S.	243,679	243,735	263,803	243,679	263,803
Heavy in California	10,203	9,869	12,257	10.203	12,257
Natural gasoline	4,557	4,870	6,102	4,557	6,102
Refined products	291,805	289,704	285,302	291,805	285,302
Total, all oils	550,244	548,178	567,464	550,244	567,464
Days' supply	*	*	135	*	143

*Not available. †Decrease. ‡Final figures.

PRODUCTION OF CRUDE PETROLEUM BY STATES AND PRINCIPAL FIELDS
(Thousands of barrels)

	November, 1941 Total	November, 1941 Daily av.	Oct., 1941 Daily av.	*Nov., 1940	January-November 1941	January-November *1940
Arkansas	2,164	72.1	71.6	2,066	24,023	23,622
California:						
Kettleman Hills	1,160	38.7	38.6	1,170	12,907	15,523
Long Beach	1,165	38.8	38.4	1,268	13,504	14,715
Wilmington	2,628	87.6	87.3	2,414	28,011	27,689
Rest of State	14,564	485.5	486.9	13,379	156,251	147,220
Total California	19,517	650.6	651.2	18,231	210,673	205,147
Colorado	191	6.3	6.0	142	1,686	1,499
Illinois	12,116	403.9	422.7	10,229	121,806	137,094
Indiana	489	16.3	17.2	609	6,056	4,397
Kansas	7,455	248.5	251.6	5,622	75,304	60,207
Kentucky	356	11.8	12.8	424	4,368	4,760
Louisiana:						
Gulf Coast	8,204	273,5	261,9	6,587	81,872	72,335
Rodessa	404	13.4	13.0	511	4,821	6,356
Rest of State	1,718	57.3	56.8	1,510	18,445	15,940
Total Lousiana	10,326	344.2	331.7	8,608	105,138	94,631
Michigan	1,707	56.9	59.5	1,316	14,602	18,452
Mississippi	2,240	74.7	62.3	448	13,129	3,884
Montana	648	21.6	22.1	547	6,843	6,144
New Mexicoo	3,385	112.8	111.0	3,048	35,891	36,005
New York	414	13.8	15.0	379	4,717	4.602
Ohio	276	9.2	9.7	248	3,032	2,880
Oklahoma:						
Oklahoma City	2,591	86.4	84.2	2,990	30,554	35,029
Seminole	3,106	103.5	100.9	3.064	34,707	37,763
Rest of State	7,061	235.4	234.3	6,391	76,241	70,406
Total Oklahoma	12,758	425.3	419.4	12,445	141,502	143,198
Pennsylvania	1,370	45.7	48.4	1,319	15,223	15,909
Texas:						
Gulf Coast	12,179	405.9	394.3	9,590	122.341	111,908
West Texas	8,721	290.7	273.8	6,682	83,646	77,981
East Texas	11,420	380.7	371.2	11,042	120,646	129,963
Panhandle	2,545	84.8	81.5	1,974	25,129	24,345
Rodessa	329	11.0	10.9	426	4,393	6,130
Rest of State	9,981	332.7	327.5	9,314	103,929	102,871
Total Texas	45,175	1,505.8	1,459.2	39,028	460,084	453,198
West Virginia	270	9.0	10.0	264	3,131	3,163
Wyoming:						
Lance Creek	672	22.4	21.4	730	8,158	8,323
Salt Creek	404	13.5	14.9	410	4,730	4,755
Rest of State	1,272	42.4	45.3	928	14,258	10,313
Total Wyoming	2,348	78.3	82.1	2,068	27,146	23,391
Other	‡150	5.0	5.7	96	1,535	259
Total United States	123,355	4,111.8	4,069.2	107,137	1,275,889	1,242,442

*Final figures. ‡Includes Missouri (4), Nebraska (145), Tennessee (1), and Utah (-).

Auction Sales

Transacted by R. L. Day & Co., Boston, on Wednesday, Jan. 7:

Shares	STOCKS	$ per Share
10	Merchants Acceptance Corp., class A, Springfield	7
1	Boston Athenaeum (par $300)	190

Transacted by R. L. Day & Co., Boston, on Wednesday, Jan. 14:

Shares	STOCKS	$ per Share
27	Knitted Padding Co.	15¼
5	Fall River Electric Light Co. (par $25)	48
	BONDS	
$1,000	Lynn Realty Trust 5s, May, 1953	5 flat
1,000	Lincoln Building Corp. 5½s, August, 1963,, reg. 50% paid with stock	66 flat

S. Sloan Colt Reports Bankers Trust Co. 1941 Earnings Down Due To Heavier Taxes

S. Sloan Colt, President of Bankers Trust Company of New York, reported to stockholders at their annual meeting on Jan. 8, that the bank's gross operating income for the year amounted to $19,468,518 in contrast with $18,559,301 earned in 1940. Total expenses, however, increased by $1,340,897 over the year 1940, of which $1,023,197 was due to larger taxes and Federal Deposit Insurance Corporation assessments. Because of this heavier tax burden, Mr. Colt explained, net operating earnings for the past year declined to $7,937,486 compared with $8,399,166 in 1940. These earnings were equivalent to $3.19 per share on the 2,500,000 shares of the bank's capital stock compared with $3.36 per share earned in the previous year.

After providing for dividends of $5,000,000, the balance in the undivided profits account showed an increase of $2,790,220, bringing total capital funds to $111,203,466. Undivided profits of $36,203,466 on Dec. 31, 1941 compared with $33,413,247 at the end of 1940. An increase of $63,685,023 in loans during the year, Mr. Colt said, was largely due to loans directly and indirectly connected with defense and related activities.

Gross deposits at the end of the year, including $172,420,270 in the Government "War Loan" Account, amounted to $1,375,481,863, as compared with $1,460,558,560 on Dec. 31, 1940. This decline in deposits, Mr. Colt explained, was chiefly due to withdrawals by correspondent banks to meet their increased use of funds and additional reserve requirements of the Federal Reserve System, and to subscriptions by depositors to United States Tax Anticipation Notes and Defense Savings Bonds.

The bank's general reserve account showed a net increase of $1,317,561 for the year, of which $633,372 represented net profits on securities in the investment account. As of Dec. 31, the general reserve account amounted to $15,714,928 and this has been reflected on the published statement of condition as a reduction of assets.

U. S. Government securities of $585,614,943 in the investment account at the end of the year represented the following percentages of deposits: maturing in less than five years—22.85%; five to ten years—15.65%; over ten years—4.69%.

Mr. Colt told stockholders that the entire organization of Bankers Trust Co. had been geared to work with government and industry in the present emergency and that the bank would spare no effort to make this cooperation increasingly effective.

Corn Exchange Bank Trust Co. Earnings

Net income of the Corn Exchange Bank Trust Co., New York City, in 1941 was $2,239,089, according to the annual report to stockholders, made jointly by Dunham B. Sherer, Chairman, and Ralph Peters, Jr., President. The income statement for the year ending Dec. 31, 1941, lists net earnings from operation, after providing for expenses and taxes, at $2,004,097, which includes recoveries of $389,868. To this amount is added $2,264,730 of net profits from sales of securities, less taxes thereon, making a total of $4,268,827. From this is subtracted $2,029,738 credited to reserve accounts, leaving the net income $2,239,089.

After payment of dividends of $2,137,500 for the year, there remained $101,589 which was added to undivided profits. Thus on Dec. 31, 1941 undivided proffts amounted to $5,458,151, which compares with $5,356,562 on Dec. 31, 1940.

At the annual stockholder's meeting Jan. 13, Mr. Sherer said that all branches of the company were showing a profit at present. As to dividend declarations for 1942 he declared that while the bank was not able to make promises "we are quite optimistic." He "believed" that the 60 cents quarterly dividend rate now in force will be maintained.

1941 Cotton Loans

The Department of Agriculture reported on Jan. 7 that Commodity Credit Corporation had made 956,122 loans on 1,809,160 bales of 1941 crop cotton through Jan. 3, 1942. Of the total, 99,314 loans on 357,433 bales were made by cooperative associations.

D. J. Winton Named New Zealand Minister

President Roosevelt recently sent to the Senate the nomination of David J. Winton of Minnesota to be the first American Minister to New Zealand. Mr. Winton is Vice-President of the Winton Lumber Co. of Minneapolis.

Says Controls Stop Excessive Speculation

The special wartime controls put into effect in the agricultural futures markets during 1941 at the recommendation of the U. S. Department of Agriculture have played an important part in averting excessive speculation and major price disturbances in agricultural commodities, J. M. Mehl, Chief of the Commodity Exchange Administration said on Jan. 16.

In his annual report covering the fiscal year July, 1940-June, 1941, to the Secretary of Agriculture, Mr. Mehl says extra work and improved controls in the markets for commodities important to the defense effort together with increased margins on speculative transactions helped to cushion the shock of wartime impacts and keep price ranges relatively moderate.

Fortunately from the standpoint of market stability, the report says, Congress added cottonseed oil, soybeans, lard, and other important commodities to the supervised list late in 1940. This enabled the Commodity Exchange Administration to set up market controls and safeguards against excessive speculation in vital defense commodities similar to those already maintained under earlier legislation for grains, cotton, and other products.

As an additional defense measure, the customary checks by CEA on the positions of large traders were extended to include a detailed examination of the positions of all traders in commodities such as cottonseed oil and soybeans which were threatened by scarcity conditions and the influx of irresponsible speculators and disorderly market conditions. This work was given precedence because of its importance both to CEA and the Office of Price Administration.

To help meet the problems growing out of war and also to make adjustments necessitated by changing conditions in agricultural marketing, the report states, "the Administration sought the active cooperation of the exchanges, of processing and trade interests, and the farm organizations. It has acted on the assumption that the futures markets with proper safeguards and improved controls will remain open and render continued hedging and risk-bearing services during the emergency and in the period after the war."

Commenting on the report and the condition of the markets since the outbreak of war, Mr. Mehl said:

> The work which was done before Pearl Harbor to adjust the markets to defense needs has been compensated in substantial degree by the way the markets have withstood the impact of actual warfare, and the relatively moderate price ranges which have prevailed in most commodities. To a considerable extent the excessive speculation and wide up-and-down price movements which prevailed in some commodities in the spring of 1917 have so far been avoided. There must be no relaxation of vigilance in preventing excessive speculation and erratic price movements.

Corn Loan Repayments

The U. S. Department of Agriculture reported on Jan. 6 that 95,166 loans made by Commodity Credit Corporation, representing 100,371,806 bushels of 1940 corn and 1938-39 resealed corn, were repaid from Jan. 1, 1941 through Dec. 27, 1941.

Repayments were made on 59,665,186 bushels pledged under loan in 1938-39 and resealed under farm storage, and on 40,706,620 bushels of 1940 corn. There remained outstanding a total of 165,157 loans on 190,990,268 bushels.

North American Prices Up — Hold Elsewhere

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 Jan. 19 as follows:

(August, 1939=100)

	Argentina	Australia	Canada	England	Java	Mexico	New Zeal'd	Sweden	Switzerland	United States
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	r142	157	138	127	123	156	196	138
September	r140	122	145	r157	138	r130	r123	156	203	143
October	140	123	143	r158	139	132	126	156	207	r140
November	r142	124	143	158	141	133	124	157	209	141
December	141	122	143	160	---	138	123	157	---	145
1941— Weeks end.:										
Dec. 6	141	122	143	r159	*141	137	124	157	209	142
Dec. 13	r137	122	143	r160	---	139	123	157	*209	144
Dec. 20	r148	122	r144	*160	---	r139	123	157	---	147
Dec. 27	r142	123	144	*160	---	139	123	157	---	147
1942—										
Jan. 3	142	123	144	*160	---	140	123	157	---	148
Jan. 10	*142	123	146	*160	---	141	123	157	---	150

* Preliminary. r Revised

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:

	Saturday	Monday	Tuesday	Wednesday	Thursday	Friday
Silver, p. oz. d.	Closed	23½d	23½d	23½d	23½d	23½d
Gold, p. fine oz.	168s	168s	168s	168s	168s	168s
Consols, 2½%	Closed	£82¾	£82⅞	£82⅞	£82¾	£82¾
British 3½% W. L.	Closed	£105 3/16	£105¼	£105¼	£105¼	£105 3/16
British 4% 1960-90	Closed	£115	£115⅛	£115⅛	£115⅛	£115⅛

The price of silver per oz. (in cents) in the United States on the same day has been:

Bar N. Y. (Foreign)	35⅛	35⅛	35⅛	35⅛	35⅛	35⅛
U. S. Treasury (newly mined)	71.11	71.11	71.11	71.11	71.11	71.11

The London Stock Exchange

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

	Saturday Jan. 10	Monday Jan. 12	Tuesday Jan. 13	Wednesday Jan. 14	Thursday Jan. 15	Friday Jan. 16
Boots Pure Drugs		36/3	36/6	36/9	36/9	36/9
British Amer. Tobacco		85/–	85/–	85/6	85/–	84/6
*Cable & W. ord.		£65	£68½	£68¼	£68½	£68½
Central Min. & Invest.		£13⅜	£13⅜	£13⅜	£13¼	£13⅜
Cons. Goldfields of S. A.		41/3	41/3	41/3	41/3	41/3
Courtaulds (S.) & Co.		35/9	35/6	35/9	35/9	35/6
De Beers		£8⅞	£9	£9	£8⅞	£8⅞
Distillers Co.		76/–	75/9	75/6	75/6	75/3
Electric & Musical Ind.		15/–	15/–	14/9	14/9	14/9
Ford Ltd.		25/3	25/3	25/6	25/6	25/6
Hudsons Bay Company	Closed	25/–	26/3	26/–	26/–	26/–
Imp. Tob. of G. B. & I.		133/3	133/–	132/6	133/–	133/–
*London Mid. Ry.		£18	£17⅞	£17⅞	£17⅝	£17½
Metal Box		76/–	76/–	76/–	76/–	76/–
Rand Mines		£6⅞	£6⅞	£6⅞	£6⅞	£6⅞
Rio Tinto		£7¾	£7¾	£7¾	£7¾	£7¾
Rolls Royce		88/9	88/–	88/9	89/9	89/9
Shell Transport		†51/3	52/6	52/6	52/1	50/1
United Molasses		31/–	31/6	32/6	31/9	31/6
Vickers		17/3	17/3	17/3	17/3	17/3
West Witwatersrand Areas		£4⅝	£4 11/16	£4⅝	£4⅝	£4⅝

*Per £100 par value. †Ex-dividend.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Jan. 16 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 Jan. 3, 1942, 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 Jan. 3 (in round-lot transactions) totaled 2,427,413 shares, which amount was 13.08% of total transactions on the Exchange of 18,560,800 shares. This compares with member trading during the previous week ended Dec. 27 of 1,665,865 shares, or 10.69% of total trading of 7,794,940 (revised) shares. On the New York Curb Exchange, member trading during the week ended Jan. 2 amounted to 499,690 shares, or 15.42% of the total volume on that Exchange of 3,241,440 shares; during the preceding week trading for the account of Curb members of 379,050 shares was 12.09% of total trading of 1,567,435 shares.

With respect to the figures for the week ended Dec. 13 (see issue of Jan. 1, page 30) the Curb Exchange has reported to the SEC that the odd-lot transactions for the account of specialists should be total purchases, 119,128, instead of 52,578; and total sales, 52,578, in place of 119,128.

The Commission made available the following data for the week ended Jan. 3:

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

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,070	761
1. Reports showing transactions as specialists	194	99
2. Reports showing other transactions initiated on the floor	227	41
3. Reports showing other transactions initiated off the floor	291	110
4. Reports showing no transactions	496	520

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

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

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

Week Ended Jan. 3, 1942

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	220,425	
Other sales b	9,059,975	
Total sales	9,280,400	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	694,020	
Short sales	146,110	
Other sales b	572,620	
Total sales	718,730	7.61
2. Other transactions initiated on the floor		
Total purchases	249,810	
Short sales	31,100	
Other sales b	218,620	
Total sales	249,720	2.69
3. Other transactions initiated off the floor		
Total purchases	272.600	
Short sales	25,730	
Other sales b	216,803	
Total sales	242,533	2.78
4. Total		
Total purchases	1,216.430	
Short sales	202.940	
Other sales b	1,008,043	
Total sales	1,210,983	13.08

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

Week Ended Jan. 3, 1942

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	6,910	
Other sales b	1,613,810	
Total sales	1,620,720	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	156,785	
Short sales	6,110	
Other sales b	183,995	
Total sales	190,105	10.70
2. Other transactions initiated on the floor		
Total purchases	39,835	
Short sales	140	
Other sales b	30,860	
Total sales	31,000	2.19
3. Other transactions initiated off the floor		
Total purchases	45,655	
Short sales	610	
Other sales b	35,700	
Total sales	36,310	2.53
4. Total		
Total purchases	242,275	
Short sales	6,860	
Other sales b	250,555	
Total sales	257,415	15.42
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	20	
Customers' other sales c	128,697	
Total purchases	128,717	
Total sales	49,754	

* 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 Jan. 10 Amounted To 737,172 Cars

Loading of revenue freight for the week ended Jan. 10, totaled 737,172 cars, the Association of American Railroads announced on Jan. 15. The increase above the corresponding week in 1941 was 25,537 cars or 3.6%, and above the same week in 1940 was 68,931 cars or 10.3%.

Loading of revenue freight for the week of Jan. 10, increased 60,638 cars or 9% above the preceding week.

Miscellaneous freight loading totaled 318,291 cars, an increase of 5,747 cars above the preceding week, and an increase of 17,236 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 139,844 cars, an increase of 16,731 cars above the preceding week, but a decrease of 6,872 cars below the corresponding week in 1941.

Coal loading amounted to 166,210 cars, an increase of 27,587 cars above the preceding week, and an increase of 13,858 cars above the corresponding week in 1941.

Grain and grain products loading totaled 35,842 cars, an increase of 3,821 cars above the preceding week, and an increase of 1,421 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of January 10 totaled 21,857 cars, an increase of 2,707 cars above the preceding week, and an increase of 966 cars above the corresponding week in 1941.

Live stock loading amounted to 15,939 cars, an increase of 4,921 cars above the preceding week, and an increase of 2,895 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Jan. 10 totaled 11,940 cars, an increase of 4,097 cars above the preceding week, and an increase of 2,631 cars above the corresponding week in 1941.

Forest products loading totaled 35,031 cars, an increase of 2,371 cars above the preceding week, but a decrease of 2,693 cars below the corresponding week in 1941.

Ore loading amounted to 11,818 cars a decrease of 1,206 cars below the preceding week and a decrease of 794 cars below the corresponding week in 1941.

Coke loading amounted to 14,197 cars, an increase of 666 cars above the preceding week, and an increase of 486 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastérn, and Southwestern and all districts reported increases over the corresponding week of 1940.

	1942	1941	1940
Week of January 3	*676,534	614,171	592,925
Week of January 10	737,172	711,635	668,241
Total	1,413,706	1,325,806	1,261,166

*Revised.

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Jan. 10, 1942. During this period 69 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED JANUARY 10

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	508	533	590	1,152	1,319
Bangor & Aroostook	2,170	1,699	1,983	244	240
Boston & Maine	7,911	7,846	7,615	11,147	10,948
Chicago, Indianapolis & Louisville	1,316	1,359	1,515	1,923	2,237
Central Indiana	26	13	18	41	44
Central Vermont	1,413	1,227	1,296	1,957	1,941
Delaware & Hudson	5,029	5,847	5,438	9,177	8,008
Delaware, Lackawanna & Western	7,780	8,816	10,462	8,032	6,879
Detroit & Mackinac	237	239	248	110	78
Detroit, Toledo & Ironton	2,049	2,858	2,917	1,671	1,299
Detroit & Toledo Shore Line	324	322	297	3,398	3,756
Erie	12,904	13,091	12,245	13,257	12,921
Grand Trunk Western	4,617	5,902	4,864	7,108	8,016
Lehigh & Hudson River	215	176	130	2,487	2,170
Lehigh & New England	1,206	1,849	1,728	1,378	1,378
Lehigh Valley	8,687	9,577	9,216	7,166	7,595
Maine Central	3,178	3,206	3,124	3,190	2,625
Monongahela	5,791	4,600	4,749	449	247
Montour	2,052	2,007	1,931	29	27
New York Central Lines	43,472	43,700	40,172	42,367	43,638
N. Y., N. H. & Hartford	12,069	10,623	9,668	13,802	13,244
New York, Ontario & Western	915	1,095	1,108	1,878	1,673
N. Y., Chicago & St. Louis	5,654	5,837	5,217	12,375	11,751
N. Y., Susquehanna & Western	515	387	451	978	1,538
Pittsburgh & Lake Erie	7,201	7,225	6,101	7,067	6,656
Pere Marquette	4,600	6,019	5,846	5,099	5,940
Pittsburgh & Shawmut	574	608	528	56	32
Pittsburgh, Shawmut & North	340	437	426	231	246
Pittsburgh & West Virginia	837	796	1,213	1,926	1,960
Rutland	516	566	552	960	929
Wabash	5,580	5,819	5,587	9,250	9,729
Wheeling & Lake Erie	4,396	3,888	3,675	3,751	3,554
Total	154,082	158,167	150,910	173,656	172,618
Allegheny District—					
Akron, Canton & Youngstown	558	562	444	919	913
Baltimore & Ohio	35,774	33,611	30,886	18,707	17,388
Bessemer & Lake Erie	2,583	2,890	2,007	1,474	1,873
Buffalo Creek & Gauley	251	288	326	7	5
Cambria & Indiana	1,828	1,772	1,541	16	15
Central R.R. of New Jersey	6,193	6,448	6,948	13,860	12,631
Cornwall	463	486	657	44	72
Cumberland & Pennsylvania	286	288	321	31	39
Ligonier Valley	118	136	182	31	51
Long Island	837	646	513	2,087	2,422
Penn-Reading Seashore Lines	1,691	1,111	1,020	1,516	1,412
Pennsylvania System	72,482	66,848	61,133	47,489	42,843
Reading Co.	15,261	15,202	13,886	19,975	19,522
Union (Pittsburgh)	19,623	20,185	17,511	3,199	3,289
Western Maryland	4,020	3,861	3,703	7,841	7,132
Total	161968	154,334	141,078	117,196	109,607
Pocahontas District—					
Chesapeake & Ohio	23,603	21,709	23,048	8,910	9,062
Norfolk & Western	21,592	20,179	18,982	5,306	5,683
Virginian	5,041	4,449	4,341	2,012	1,265
Total	50.236	46,337	46,371	16,228	16,010
Southern District—					
Alabama, Tennessee & Northern	321	269	189	199	140
Atl. & W. P.—W. R.R. of Ala.	751	768	740	1,966	1,517
Atlanta, Birmingham & Coast	710	727	572	967	1,052
Atlantic Coast Line	10,990	11,709	9,396	6,498	6,192
Central of Georgia	4,066	4,087	3,405	3,189	3,539
Charleston & Western Carolina	385	433	356	1,550	1,579
Clinchfield	1,635	1,448	1,476	2,821	2,761
Columbus & Greenville	202	286	265	281	265
Durham & Southern	184	142	140	607	611
Florida East Coast	1,292	1,015	1,029	1,040	1,140
Gainsville Midland	35	29	23	99	78
Georgia	1,087	1,199	663	2,085	1,733
Georgia & Florida	440	370	278	516	553
Gulf, Mobile & Ohio	2,584	3,560	3,114	2,959	2,621
Illinois Central System	27,508	23,298	22,153	13,389	12,234
Louisville & Nashville	25,823	24,720	24,787	7,404	6,120
Macon, Dublin & Savannah	197	118	155	735	1,083
Mississippi Central	131	131	186	374	367
Nashville, Chattanooga & St. L.	2,725	3,029	2,434	3,238	3,035
Norfolk Southern	949	1,080	847	1,088	1,104
Piedmont Northern	475	453	380	1,510	1,440
Richmond Fred. & Potomac	407	351	265	7,166	5,320
Seaboard Air Line	10,230	9,821	8,710	6,471	5,706
Southern System	22,760	23,315	19,904	18,780	17,303
Tennessee Central	536	491	382	827	696
Winston-Salem Southbound	116	136	143	769	701
Total	117,539	112,985	101,992	86,538	78,890
Northwestern District—					
Chicago & North Western	15,022	15,517	14,814	10,989	10,733
Chicago Great Western	2,472	2,598	2,452	2,907	2,946
Chicago, Milw., St. P. & Pac.	21,053	20,316	19,620	8,341	8,429
Chicago, St. Paul, Minn. & Omaha*	4,557	4,167	4,460	3,097	3,399
Duluth, Missabe & Iron Range	1,283	885	867	302	159
Duluth, South Shore & Atlantic	625	620	570	450	429
Elgin, Joliet & Eastern	9,157	9,391	8,371	9,118	8,475
Ft. Dodge, Des Moines & South	387	399	336	172	150
Great Northern	11,270	9,842	9,659	3,407	2,889
Green Bay & Western	573	589	601	661	640
Lake Superior & Ishpeming	258	255	243	57	68
Minneapolis & St. Louis	1,728	1,661	1,681	2,142	1,851
Minn., St. Paul & S. S. M.	5,644	5,004	5,329	2,623	2,354
Northern Pacific	9,752	9,288	9,734	3,781	3,498
Spokane International	62	96	78	290	211
Spokane, Portland & Seattle	1,622	1,582	1,498	2,086	1,547
Total	85,465	82,210	80,313	50,423	47,778
Central Western District—					
Atch. Top. & Santa Fe System	20,421	18,060	17,204	7,736	6,691
Alton	3,245	3,170	2,690	2,672	2,370
Bingham & Garfield	405	484	373	99	107
Chicago, Burlington & Quincy	17,288	16,597	15,644	9,059	7,764
Chicago & Illinois Midland	2,841	2,656	2,254	772	731
Chicago, Rock Island & Pacific	10,852	11,225	10,774	9,759	9,300
Chicago & Eastern Illinois	2,802	2,893	2,760	2,751	2,718
Colorado & Southern	765	757	840	1,407	1,517
Denver & Rio Grande Western	3,927	3,235	3,244	4,027	2,812
Denver & Salt Lake	778	755	1,026	14	12
Fort Worth & Denver City	998	907	934	953	910
Illinois Terminal	2,130	1,792	1,750	1,458	1,560
Missouri-Illinois	942	845	894	417	418
Nevada Northern	1,872	1,849	1,442	146	116
North Western Pacific	1,021	631	432	451	326
Peoria & Pekin Union	22	30	22	0	0
Southern Pacific (Pacific)	26,295	21,986	20,229	8,531	5,734
Toledo, Peoria & Western	204	452	301	158	1,220
Union Pacific System	16,169	14,495	14,096	10,308	8,657
Utah	618	518	619	8	10
Western Pacific	2,235	1,608	1,300	3,686	2,010
Total	115,830	104,945	98,828	64,412	54,983
Southwestern District—					
Burlington-Rock Island	143	123	140	242	215
Gulf Coast Lines	3,270	3,031	3,378	1,911	1,421
International-Great Northern	1,939	1,793	1,625	2,148	2,003
Kansas, Oklahoma & Gulf	165	203	168	1,160	1,044
Kansas City Southern	2,443	2,330	2,235	2,359	2,040
Louisiana & Arkansas	2,120	2,373	1,730	1,595	1,644
Litchfield & Madison	371	378	396	942	960
Midland Valley	875	736	821	328	208
Missouri & Arkansas	117	88	120	378	377
Missouri-Kansas-Texas Lines	4,204	4,219	3,768	2,912	2,556
Missouri Pacific	16,186	15,627	14,374	10,976	10,211
Quanah Acme & Pacific	96	100	49	166	110
St. Louis-San Francisco	7,849	7,982	7,282	5,429	4,925
St. Louis Southwestern	2,489	2,726	2,203	3,344	2,604
Texas & New Orleans	6,448	6,795	6,856	3,948	3,036
Texas & Pacific	3,221	4,012	3,410	4,785	4,134
Wichita Falls & Southern	101	124	161	32	48
Weatherford M. W. & N. W.	15	17	33	29	371
Total	52,052	52,657	48,749	42,684	37,907

*Correct C. S. P. M. & O. figures week of Jan. 3, 1942 (see "Commercial & Financial Chronicle" of Jan. 14, 1942, page 238) to read: 3,574 cars of revenue freight loaded and 3,051 cars received from connections and add to total Northwest District, 2,160 cars of revenue freight loaded and 1,820 cars received from connections.

Note—Previous year's figures revised.

November Production Of Natural Gasoline Up

The production of natural gasoline and recycle condensate increased in November, 1941, according to reports received by the Bureau of Mines, U. S. Department of the Interior. The daily average in November was 8,392,000 gallons compared with 8,064,000 gallons in October. The chief increases occurred in Louisiana, the Appalachian, and Texas Gulf Districts.

Stocks continued to decrease, amounting to 191,394,000 gallons on Nov. 30, 1941 compared with 204,540,000 gallons on Oct. 31 and 256,284,000 gallons on hand Nov. 30, 1940.

PRODUCTION AND STOCKS OF NATURAL GASOLINE
(Thousands of Gallons)

	Production				Stocks			
					Nov. 30, 1941		Oct. 31, 1941	
	Nov. 1941	Oct. 1941	Jan.-Nov. 1941	Jan.-Nov. 1940	At refineries	At plants & Terminals	At refineries	At plants & Terminals
East Coast	----	----	----	----	6,636	----	5,628	----
Appalachian	9,320	7,890	82,028	73,370	714	4,231	840	3,427
Ill., Mich., Ky.	7,350	6,924	61,077	30,073	4,578	574	5,670	450
Oklahoma	33,097	33,870	348,620	367,443	1,260	23,097	1,092	26,589
Kansas	6,804	6,345	65,538	58,350	84	1,531	126	1,773
Texas	110,129	109,905	1,070,152	844,898	10,416	67,796	6,468	78,780
Louisiana	25,090	23,040	158,197	103,352	126	2,928	84	2,717
Arkansas	3,149	3,300	32,308	29,282	546	503	672	272
Rocky Mountain	8,784	8,609	92,119	84,990	4,116	1,984	5,040	2,078
California	48,025	50,101	531,085	538,146	58,506	1,768	61,068	1,766
Total	251,748	249,984	2,441,124	2,129,904	86,982	104,412	86,688	117,852
Daily average	8,392	8,064	7,309	6,358	----	----	----	----
Total (thousands of barrels)	5,994	5,952	58,122	50,712	2,071	2,486	2,064	2,806
Daily average	200	192	174	166	----	----	----	----

Capital Gains Tax Assailed By Schram

The capital gains tax was criticized as a revenue preventing measure rather than revenue producing by Emil Schram, President of the New York Stock Exchange, on Jan. 12 at a dinner in Chicago attended by members of the Chicago Association of Stock Exchange Firms. Mr. Schram contended that lowering of the tax would increase national revenues and help to pay the cost of the war program. "The volume of the tax revenue is in inverse proportion to the tax rate," he declared.

Chicago advices of Jan. 12 to the New York "Herald Tribune" further reported his remarks as follows:

"Moreover, such revenue as does arise from the tax is entirely fortuitous and is not susceptible to any fixed calculations for budget purposes," he added. "The inescapable conclusion is that the best way to produce substantial revenue from the capital gains tax is to make the rate low enough so that the tax will not act as a deterrent to the taxpayer's taking of gains."

Mr. Schram said recent studies had shown that when the capital gains tax is high capital gains largely disappear, whereas when the rate is low capital gains rise. This has resulted in lower rates, producing by far the larger revenues, he said.

"Aside from the question of revenue there are many undesirable economic consequences of the present capital gains tax," he said. "Because the tax operates as a serious deterrent to the taking of gains, it likewise operates as a deterrent to the general flow of capital. In effect, the tax imposes a penalty on risk money and thereby renders risk money impotent. Investors cannot switch investments, even though they retain no cash money, without being liable to the tax.

"The result is that investments are largely frozen and diversity is made more difficult from the view point of the investor's portfolio. Most large investors are simply sitting tight, drawing what satisfaction they can from the knowledge of 'paper profits,' but preferring possible eventual loss through price declines to the certainty of immediate loss through capital gains taxation."

Since it is an obstacle to free movement of capital from industry to industry, the capital gains tax is hampering the war program, Mr. Schram noted, at a time when it is essential to spend a large amount of capital for new plans and equipment.

Mr. Schram said he was content to leave the discussion of technical objections to the tax to experts, but asserted that he was convinced that there was a simple solution to the problem.

"The law should be modified so as to segregate completely capital gains and losses from regular income, without regard to the time element, and to impose a lower flat tax or a lower graduated tax upon net capital gains. With a few further refinements, this change would, I am sure, have desirable results," he said.

Curb Seat Retirement

Arrangements have been made by the New York Curb Exchange to purchase and retire the 29th seat under the plan adopted by the membership last July. Present market for the Curb Exchange memberships is $1,000, bid by the Exchange, offered at $2,500.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report stated that the total production of soft coal in the week ended Jan. 10 is esimated at 10,925,000 net tons. This is in comparison with an average output of approximately 10,840,000 tons in the non-holiday weeks of December. Production in the corresponding week of 1941 (Jna. 6-11) amounted to 10,143,000 tons.

The U. S. Bureau of Mines reported that production of Pennsylvania anthacite for the week ended Jan. 10 was estimated at 827,000 tons, an increase of 99,000 tons (about 14%) over the preceding week. Output in the corresponding week of 1941 amounted to 1,056,000 tons.

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

	Week Ended			
	Jan. 10, '42	Jan. 3, '42	Jan. 11, '41	Jan. 12, '29
Bituminous coal a—				
Total, including mine fuel	10,925,000	9,800,000	10,143,000	11,884,000
Daily average	1,821,000	1,960,000	1,691,000	1,981,000
Crude petroleum b—				
Coal equivalent of weekly output	6,774,000	6,468,000	5,389,000	4,155,000

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

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

	Week-Ended			Calendar year to date		
Penn. anthracite—	Jan. 10, 1942	Jan. 3, 1942	Jan, 11, 1941	Jan. 10, 1942	Jan. 11, 1941	Jan. 12, 1929
a Total, including colliery fuel	827,000	728,000	1,056,000	939,000	1,420,000	2,602,000
b Comml. production	786,000	692,000	1,003,000	892,000	1,349,000	2,415,000
Beehive Coke—						
U. S. total	135,500	142,600	107,900	206,800	166,400	198,500
Daily average	19,357	20,371	15,414	20,680	15,127	16,542

a Includes washery and dredge coal, and coal shipped by truck from authorized operations. b Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

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

	Week Ended					Jan. average
State—	Jan. 3, 1942	Dec. 27, 1941	Jan. 4, 1941	Jan. 6, 1940	Jan. 5, 1929	e1923
Alaska	4	3	4	2	(f)	(f)
Alabama	321	237	294	276	355	434
Arkansas and Oklahoma	91	54	80	109	127	93
Colorado	176	157	161	188	243	226
Georgia and North Carolina	1	1	*	1	(f)	(f)
Illinois	1,183	1,070	1,036	1,158	1.322	2,111
Indiana	436	449	454	400	363	659
Iowa	47	46	60	77	88	140
Kansas and Missouri	178	158	155	194	159	190
Kentucky—Eastern	639	479	619	784	812	607
Western	258	210	192	268	380	240
Maryland	32	33	29	34	54	55
Michigan	6	7	9	15	14	32
Montana	90	69	68	60	72	82
New Mexico	28	23	22	25	49	73
North and South Dakota	73	65	66	71	f54	f50
Ohio	512	473	433	422	360	814
Pennsylvania bituminous	2,403	2,190	2,297	1,982	2,483	3,402
Tennessee	129	88	111	123	100	133
Texas	8	8	7	15	23	26
Utah	100	80	87	76	133	109
Virginia	346	230	281	289	215	211
Washington	39	28	32	39	49	74
West Virginia—aSouthern	1,840	1,264	1,562	1,700	1,761	1,134
bNorthern	708	607	615	512	666	762
Wyoming	152	131	134	112	141	186
cOther Western States	*	*	1	*	f7	f7
Total bituminous coal	9,800	8,160	8,809	8,932	10,030	11,850
dPennsylvania anthracite	728	840	817	1,131	1,138	1,968
Total, all coal	10,528	9,000	9,626	10,063	11,168	13,818

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay Counties. b Rest of State, including the Panhandle District and Grant, Mineral, and Tucker Counties. c Includes Arizona, California, Idaho, Nevada, and Oregon. d Data for Pennsylvania anthracite from published records of the Bureau of Mines. e Average weekly rate for entire month. f Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1.000 tons.

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 Jan. 16. Following is the tabulation issued by the Stock Exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allied Stores Corp., common	20,000	12,271	(1)
5% preferred	1,103	103	(2)
American Chicle Co., common	3,175	3,575	
American-Hawaiian Steamship Co., common	64.200	66.200	
American Hide & Leather Co., 6% preferred	1,700	4,700	
American Ice Co., 6% preferred	20,663	23,965	
Armour & Co. (Del.), 7% preferred	682	1,154	
Associates Investment Co., common	4,500	12,029	
5% cumulated preferred	1,250	1,815	
Atlas Corp., common	179,234	252,638	
6% preferred	7,412	11,912	
Atlas Powder Co., common	11,373	9,108	
Barndall Oil Co., common	13,700	26,900	
Belding Heminway Co., common	45,832	48,432	
Borden Co., The, capital	21,954	21,254	(3)
Brewing Corp. of America, capital	25.000	5,000	(4)
Brown Shoe Co., common	6,000	6,500	
Burlington Mills Corp., common	419	2,987	
Carriers & General Corp., common	1,800	300	(5)
Case (J. I.) Co., common	1,814	1,800	
7% preferred	1,865	2,645	
Century Ribbon Mills, Inc., 7% preferred	165	30	
Chicago Yellow Cab Co., Inc., capital	------	5,722	
Coca-Cola Co. (The), common	------	------	(6)
Collins & Aikman Corp., 5% cumulative conv. preferred	------	450	
Columbia Gas & Electric Corp, 6% preferred A	8.391	7.521	
5% preferred B	1,771	1,646	
Consolidated Oil Corp., common	361,455	------	(7)
Copperweld Steel Co., cumul. conv. preferred, 5% series	1.400	2.000	
Coty ,Inc., common	56,929	63.529	
Crucible Steel Co. of America. 5% convertible preferred	------	5.000	
Cuban-American Sugar Co. (The), 5½% conv. preferred	10.948	12,888	
Davega Stores Corp., common	8.350	8.650	
Detroit Edison Co. (The), common	12.001	11,482	
E. I. du Pont de Nemours & Co., common	16,044	35,651	(8)
Evans Products Co., common	49	------	(9)
Federated Department Stores, Inc., 4¼% conv. preferred	10.800	11,200	
Firestone Tire & Rubber Co. (The), common	312.974	316 474	
6% cumulative A preferred	14,066	16,266	
Florsheim Shoe Co. (The), class A	515	1,115	
Freuhauf Trailer Co., common	4,495	1,352	
5% convertible preferred	843	3,513	(23)
General Motors Corp., common	167,221	196,221	
General Realty & Utilities Corp, $6 preferred	2,266	4,066	
General Telephone Corp., common	4,631	2,631	(9)
Gillette Safety Razor Co., $5 conv. preferred	------	2,173	(10)
Gimbel Brothers, $6 cumulative preferred	8,111	8,211	
Glidden Co. (The), common	5,947	8,447	
4½% convertible preferred	300	400	
Goodyear Tire & Rubber Co. (The), $5 cumul. conv. pref.	7,165	11,865	
Greyhound Corp., The, common	------	46,334	(21)
5½% convertible preferred	4,529	4,532	
Hanna Co. (The M. A.), $5 cumulative preferred	------	50	
Hat Corp. of America, 6½% preferred	645	995	
Household Finance Corp., common	4,187	6,982	
Howe Sound Co., common	21,300	25,600	
Interlake Iron Corp., common	23,951	25,008	
International Mining Corp., common	------	500	
Interstate Department Stores, Inc., 7% preferred	4,408	4,506	
Jones & Laughlin Steel Corp., common	17,535	59,535	(22)
5% preferred A	7,014	23,814	(22)
5% preferred B	7,014	23,814	(22)
Kayser (Julius) & Co., common	102,020	103,120	
Lehman Corp. (The), common	83,507	98,607	
Libbey-Owens-Ford Glass Co., common	4,796	------	(11)
Macy (R. H.) & Co., Inc., capital	5,785	4,503	
Madison Square Garden Corp, capital	5,400	15,025	(12)
Maytag Co. (The), $3 cumulative preferred	10,614	2,114	(13)
Mohawk Carpet Mills, Inc., capital	6,500	8,000	
National Cylinder Gas Co., common	5,853	1,305	(14)
National Department Stores Corp., 6% preferred	66,541	68,201	
Newport Industries, Inc., capital	------	------	(15)
Norfolk & Western Ry. Co., adjust. 4% preferred	2,318	3,103	
Pacific Finance Corp. of California, common	12,060	22,901	
Petroleum Corp. of America, capital	107,300	122,900	
Plymouth Oil Co., common	100	3,100	
Radio Corp. of America, preferred B	------	------	(16)
Real Silk Hosiery Mills, Inc., 7% cumul. preferred	3,892	4,858	
Reliable Stores Corp., common	39,516	42,859	
Republic Steel Corp., 6% cumul. conv. preferred	1,226	483	(24)
Safeway Stores, Inc., 5% cumul. preferred	509	535	
Common	15,018	15,091	
Schenley Distillers Corp., 5½% cumul. preferred	3,101	3,601	
Seaboard Oil Co. of Delaware, capital	9,400	15,300	
Shattuck (Frank G.) Co., common	138,100	140.000	
Sheaffer (W. A.) Pen Co., common	4,161	3,580	
Squibb (E. R.) & Sons, common	------	45,504	(17)
Sterling Products (Inc.), capital	9,830	9,832	
Swift & Co., capital	78,239	78,192	
Texas Co., The, capital	510,259	510,453	
Texas Pacific Coal & Oil Co., common	44,167	45,367	
Tide Water Associated Oil Co., common	11,306	11,323	
Transamerica Corp., capital	953,000	1,047,300	
Tri-Continental Corp., $6 preferred	------	------	(18)
United Merchants & Manufacturers, Inc., v t. c. for com.	9,436	9.424	
United States Gypsum Co., common	56,159	55,448	
United States Hoffman Machinery Corp., 5½% cum. cv. pf.	------	------	(19)
United States Leather Co., The, prior preferred	15.700	16,100	
Universal Pictures Co., Inc., 8% preferred	5,031	5,771	
United States Rubber Co., common	23,016	26.316	
Vick Chemical Co., capital	17,800	18,800	
Webster Eisenlohr, Inc., 7% cumul. preferred	------	------	(20)
White (S. S.) Dental Mfg. Co., The, capital	1,092	1,122	
White Sewing Machine Corp., prior preferred	1,000	------	(9)

NOTES

(1) 7,729 shares delivered to officers and employees of a subsidiary which continues to hold balance. (2) 1,900 shares acquired; 2,900 shares exchanged for debentures of Geo. B. Peck, Inc. (3) 1,600 shares acquired; 487 shares sold, and 1,813 shares issued for business and assets of Farallone Packing Co. (4) Decrease results from one-for-five split-down of shares. (5) Six hundred shares acquired; 2,100 shares retired. (6) Thirty-two thousand shares acquired and transferred to acquire capital stock of Pacific Coast Coca-Cola Bottling Co. (7) Forty-eight thousand three hundred shares acquired; 409,755 shares retired. (8) Transactions since June 30, 1941. (9) Retired. (10) 1,300 shares purchased; 873 shares acquired as result of request for tenders. (11) 7,135 shares acquired; 11,931 shares canceled. (12) 7,125 shares acquired as result of request for tenders. (13) 10,414 shares retired; 1,900 shares acquired. (14) 1,500 shares acquired; 6,048 shares distributed to employees as additional compensation. (15) 1,100 shares acquired and distributed to certain officers and employees as additional compensation. (16) 430 shares acquired and canceled. (17) Initial report. During December company received 52,910 shares from winding up of The Squibb Plan, Inc. Company also disposed of 7,935 shares during the month (18) 2,460 shares acquired and retired. (19) 1,090 shares acquired and retired. (20) Five shares acquired and retired. (21) Received as result of partial liquidating dividend of Eastern Michigan Transportation Corp. (22) Results from conversion of old 7% preferred stock. (23) 2,670 shares acquired since March, 1941. (24) Previous total incorrect. 2,962 shares acquired and 2,479 shares retired since Oct. 1, 1941.

The New York Curb Exchange issued on Jan. 16 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Name—	Shares Previously Reported	Shares Per Latest Report
American General Corp., $2 div. ser. pref.	7,031	8,206
American General Corp., common	343,526	353,913
American Writing Paper Corp., common	6,500	8,200
Art Metal Works, Inc., common	5,444	5,944
Blue Ridge Corp., $3 conv. pref.	10,200	1,650
Carman & Co., Inc., class A	3,512	3,551
Charis Corp., common	6,875	7,950
Cooper-Bessemer Corp., $3 prior pref.	1,218	None
Crown Central Petroleum Corp., common	562	565
Dejay Stores, Inc., common	7,586	7,786
Dennison Mfg. Co., debenture stock	6,310	6,314
Dennison Manufacturing Co., A common	9,613	10,539
Detroit Gasket & Mfg. Co., 6% preferred	12,316	12,816
Electrographic Corp., common	786	1,286
Equity Corp., $3 conv. preferred	45,873	46,873
Fanny Farmer Candy Stores, Inc., common	36,468	38,963
Gellman Manufacturing Co., common	1,300	4,450
Interstate Hosiery Mills, Inc., capital	5,578	5,831
Klein (D. Emil) Co., Inc., common	13,855	14,155
Kleinert (I. B.) Rubber Co., common	26,235	26,835
Knott Corp., common	5,976	7,051
Lane Bryant, Inc., 7% preferred	391	552
Merritt-Chapman & Scott Corp., 6½% A preferred	1,305	1,993
Midland Oil Corp., $2 conv. preferred	7,550	7,900
Nehi Corp., first preferred	712	1,747
New York Merchandise Co., Inc., common	21,263	51,847
Niagara Share Corp. of Maryland, B common	106,581	127,981
Oilstocks, Ltd., capital	1,810	3,710
Paramount Motors Corp., common	75,286	76,021
Selected Industries, Inc., $5.50 div. prior stock	4,250	None
Sunray Oil Corp., 5½% conv. preferred	2,520	2,690
Sunray Oil Corp., common	102,800	7,621
United Chemicals, Inc., $3 part. preferred	422	922
United Cigar-Whelan Stores Corp., common	12,101	12,114
Wilson-Jones Co., common	4,300	7,500

Donald M. Nelson Made Responsible For War Production Program By Executive Order

President Roosevelt on Jan. 16 formally established by Executive Order the War Production Board and delegated to Donald M. Nelson full charge of the war procurement and production program. The President had announced on Jan. 13 that Mr. Nelson would be Chairman of the War Production Board, which is granted the powers exercised by the Supply, Priorities and Allocations Board. The SPAB which had been set up last Aug. 28, is abolished and its membership transferred to the new board.

In his statement on Jan. 13 the President said, that Mr. Nelson, in addition to being chairman of the board, "will be charged with the direction of the production program and have general supervision over all production agencies. His decision as to questions of procurement and production will be final."

Prior to this appointment, Mr. Nelson had been Executive Director of the SPAB and also Priorities Director of the Office of Production Management. His association with the national defense program began in June, 1940, when he took a leace of absence from his post as Executive Vice-President of Sears, Roebuck & Co., Chicago, to become Director of Procurement for the Treasury Department. Later he became connected with the OPM and the SPAB. Mr. Nelson resigned from Sears, Roebuck on Jan. 16, ending an association that dated back to 1912.

The other members of the War Production Board besides Mr. Nelson are: Secretary of War Stimson; Secretary of the Navy Knox; Federal Loan Administrator Jones; OPM Director General Knudsen; OPM Associate Director Hillman; Price Administrator Henderson; Vice-President Wallace, as Chairman of the Board of Economic Warfare, and Harry L. Hopkins, Special Assistant to the President supervising the defense aid program.

In his Executive Order, the President said that he was creating the Board "for the purpose of assuring the most effective prosecution of war procurement and production." The order stipulated that Mr. Nelson shall:

(a) Exercise general direction over the war procurement and production program.

(b) Determine the policies, plans, procedures and methods of the several Federal departments, establishments and agencies in respect to war procurement and production, including purchasing, contracting, specifications and construction; and including conversion, requisitioning, plant expansion and the financing thereof; and issue such directives in respect thereto as he may deem necessary or appropriate.

(c) Perform the functions and exercise the powers vested in the Supply Priorities and Allocations Board by Executive Order No. 8875 of Aug. 28, 1941.

(d) Supervise the Office of Production Management in the performance of its responsibilities and duties, and direct such changes in its organization as he may deem necessary.

(e) Report from time to time to the President on the progress of war procurement and production; and perform such other duties as the President may direct.

Mr. Nelson on Jan. 14 told the Army, Navy and OPM that he is prepared to make any drastic changes in the defense set-up in order "to lick Hitler and the Japs and to do it in the shortest possible time." He announced this intention in identical letters to Mr. Knudsen, Under-Secretary of War Patterson and Under-Secretary of the Navy Forrestal.

The letters read:

We have just one job to do—to make enough war materials to lick Hitler and the Japs, and to do it in the shortest possible time.

Any organizational changes that have to be made in order to do this job will be made. The present organization must and will evolve into the most effective possible instrument to do it.

Every one connected with production and procurement, in all agencies of the government, must carry on with the utmost devotion and energy.

Fertilizer Assn. Price Index Still Rising

The weekly wholesale commodity price index compiled by The National Fertilizer Association advanced last week for the seventh consecutive time, according to an announcement issued Jan. 19. In the week ended Jan. 17, 1942 this index rose to 122.0 from 121.5 in the preceding week. A month ago the index stood at 119.1 and a year ago at 101.1% of the 1935-1939 average as 100.

Prices rises were widespread throughout the commodity list, resulting in 7 of the 11 principal group indexes advancing, none declining, and 4 remaining unchanged. In the food group price increases were registered by 15 items and declines by only 5; the net result was a moderate upturn in the food group average. Farm product prices were generally higher. Cotton and cotton goods again rose in price causing another advance in the textile index. An advance in the price of oak flooring was responsible for a fractional increase in the building material group average. A moderate rise was recorded by the mixed fertilizer index. Advances, although small, were registered also by the indexes representing the prices of fertilizer materials and miscellaneous commodities.

During the week 47 price series included in the index advanced and 12 declined; in the preceding week there were 45 advances and 3 declines; in the second preceding week there were 29 advances and 12 declines.

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

% Each Group Bears to the Total Index	GROUP	Latest Week Jan. 17, 1942	Preceeding Week Jan. 10, 1942	Month Ago Dec. 13, 1941	Year Ago Jan. 18, 1941
25.3	Foods	119.7	118.7	116.6	92.5
	Fats and Oils	130.8	129.5	129.0	73.8
	Cottonseed Oil	156.1	156.4	156.0	74.7
23.0	Farm Products	130.4	129.1	124.4	96.3
	Cotton	179.4	174.0	163.1	96.3
	Grains	121.5	119.1	117.0	87.6
	Livestock	122.6	122.5	118.4	97.8
17.3	Fuels	113.0	113.0	111.9	101.5
10.8	Miscellaneous Commodities	127.2	126.9	126.9	110.4
8.2	Textiles	149.0	147.7	140.8	112.9
7.1	Metals	104.0	104.0	104.0	103.2
6.1	Building Materials	131.8	131.7	131.2	117.8
1.3	Chemicals and Drugs	120.1	120.1	112.0	103.9
.3	Fertilizer Materials	117.4	117.0	114.9	106.0
.3	Fertilizers	114.0	112.7	109.8	104.0
.3	Farm Machinery	103.4	103.4	100.7	99.7
100.0	All Groups Combined	122.0	121.5	119.1	101.1

Indexes on 1926-28 base were: Jan. 17, 1942, 95.0; Jan. 10, 1942, 94.6; Jan. 18, 1941, 78.8.

December Chain Store Sales at $570,738,889

According to a compilation made by Merrill Lynch, Pierce, Fenner & Beane, 27 chain store companies, including two mail order companies, reported an increase of 21.2% in sales for December, 1941; the same 27 companies reported an increase of 20.6% for 1941 as a whole.

Continuing the experience of recent years, the two mail order organizations and one auto supply chain established new annual sales records. The combined sales total for Montgomery Ward & Co. and Sears Roebuck & Co. in 1941 was 26.5% in excess of that for 1940, while Western Auto Supply Co. scored a gain of 31.7% between the two years. Sales increases for these companies in December, however, were smaller in degree than those for the year as a whole. In earlier months, volume had been swollen by unusual demand for such lines as refrigerators, radios and tires, in anticipation of production restrictions. Groups handling "soft" lines held the lead in the final month of 1941, as sales of four grocery chains increased 27.4%. Similarly, sales of six apparel chains showed a gain of 27.7% and two shoe chains recorded an increase of 31.3%.

	—Month of December— 1941	1940	% Inc.	—12 Months End. Dec. 31— 1941	1940	% Inc.
4 Grocery chains	$82,965,057	$65,112,454	27.4	$904,194,664	$769,645,019	17.5
11 5 & 10c chains	184,783,427	160,615,267	15.1	1,074,301,264	945,334,838	13.6
6 Apparel chains	80,712,846	63,257,140	27.7	530,280,238	427,239,204	24.1
1 Drug chain	9,816,675	8,447,221	16.2	85,742,305	76,601,176	13.4
2 Shoe chains	6,243,341	4,754,073	31.3	49,813,341	40,598,813	22.7
1 Auto supply	8,122,000	6,710,000	21.0	71,043,000	53,934,000	31.7
25 Chains	$366,400,005	$304,141,982	20.5	$2,665,561,471	$2,272,754,237	17.3
2 Mail orders	204,338,884	166,724,950	22.6	1,622,322,155	1,282,929,226	26.5
27 Companies	$570,738,889	$470,866,932	21.2	$4,287,883,626	$3,555,683,463	20.6

Bank Debits Up 13% From Last Year

Bank debits as reported by banks in leading centers for the week ended Jan. 14, aggregated $10,302,000,000. Total debits during the 13 weeks ended Jan. 14 amounted to $150,485,000,000, or 20% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 13% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 25%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	Week Ended Jan. 14, 1942	Week Ended Jan. 15, 1941	13 Weeks ended Jan. 14, 1942	13 Weeks ended Jan. 15, 1941
Boston	595	524	8,678	7,491
New York	3,985	3,587	59,869	52,698
Philadelphia	566	486	8,217	6,628
Cleveland	736	638	11,053	8,746
Richmond	418	377	6,031	4,783
Atlanta	364	318	5,022	3,955
Chicago	1,545	1,394	22,628	18,219
St. Louis	355	293	4,952	3,869
Minneapolis	207	158	2,853	2,200
Kansas City	339	282	4,690	3,705
Dallas	299	233	4,164	3,137
San Francisco	893	822	12,327	9,715
Total, 274 reporting centers	10,302	9,111	150,485	125,147
New York City*	3,626	3,276	54,663	48,365
140 Other leading centers*	5,735	5,040	82,756	66,403
133 Other centers	942	795	13,066	10,380

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

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on Jan. 19 that reports received by the bank from commercial paper dealers show a total of $374,500,000 of open market paper outstanding on Dec. 31, 1941. This amount represents a decrease of 3.3% from Nov. 29, 1941, when $387,100,000 was outstanding, and an increase of 72% over Dec. 31, 1940, when there was $217,900,000 outstanding.

In the following table we give a compilation of the monthly figures for two years:

	$		$
1941—		1940—	
Dec. 31	374,500,000	Nov. 30	231,800,000
Nov. 29	387,100,000	Oct. 31	252,400,000
Oct. 31	377,700,000	Sept. 30	250,700,000
Sept. 30	370,500,000	Aug. 31	244,700,000
Aug. 30	353,900,000	July 31	232,400,000
July 31	329,900,000	June 29	224,100,000
June 30	299,000,000	May 31	234,200,000
May 31	295,000,000	Apr. 30	238,600,000
Apr. 30	274,600,000	Mar. 30	233,100,000
Mar. 31	263,300,000	Feb. 29	226,400,000
Feb. 28	240,700,000	Jan. 31	219,400,000
Jan. 31	232,400,000	1939—	
1940—		Dec. 30	209,900,000
Dec. 31	217,900,000		

Moody's Bond Prices And Bond Yield Averages

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

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

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indu
Jan. 20	117.61	106.92	116.61	113.89	107.62	92.06	97.47	110.70	113.70
19	117.60	106.92	116.41	113.89	107.62	92.06	97.47	110.70	113.70
17	117.59	106.92	116.41	113.89	107.62	92.06	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
15	117.53	106.92	116.41	114.08	107.62	92.06	97.31	110.70	113.70
14	117.81	106.92	116.41	114.08	107.62	92.06	97.31	110.70	113.70
13	117.86	106.92	116.41	113.89	107.62	92.06	97.31	110.70	113.70
12	117.91	106.92	116.41	113.89	107.62	91.91	97.31	110.70	113.70
10	118.09	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
8	118.10	106.92	116.61	114.08	107.80	91.62	97.16	110.70	113.89
7	117.94	106.92	116.61	114.08	107.62	91.62	97.00	110.70	113.89
6	117.82	106.74	116.61	114.08	107.62	91.85	96.85	110.88	113.70
5	117.95	106.56	116.02	113.70	107.44	91.34	96.54	110.70	113.31
3	117.85	106.39	115.82	113.70	107.27	91.05	96.23	110.52	113.31
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
1	STOCK EXCHANGE CLOSED								
High 1942	118.10	106.92	116.61	114.08	107.80	92.06	97.47	110.88	113.89
Low 1942	117.53	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.4
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago Jan. 20, 1941	117.88	106.56	118.00	113.89	106.56	90.48	96.85	109.97	113.70
2 Years ago Jan. 20, 1940	115.65	101.80	115.43	111.62	100.81	83.79	90.06	106.74	110.34

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

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U	Indu
Jan. 20	3.34	2.82	2.96	3.30	4.27	3.91	3.13	2.97
19	3.34	2.83	2.96	3.30	4.27	3.91	3.13	2.97
17	3.34	2.83	2.96	3.30	4.27	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
15	3.34	2.83	2.95	3.30	4.27	3.92	3.13	2.97
14	3.34	2.83	2.95	3.30	4.27	3.92	3.13	2.97
13	3.34	2.83	2.96	3.30	4.27	3.92	3.13	2.97
12	3.34	2.83	2.96	3.30	4.28	3.92	3.13	2.97
10	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
8	3.34	2.82	2.95	3.29	4.30	3.93	3.13	2.96
7	3.34	2.82	2.95	3.30	4.30	3.94	3.13	2.96
6	3.35	2.82	2.95	3.30	4.31	3.95	3.12	2.97
5	3.36	2.85	2.97	3.31	4.32	3.97	3.13	2.99
3	3.37	2.86	2.97	3.32	4.34	3.99	3.14	2.99
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
1	STOCK EXCHANGE CLOSED							
High 1942	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
Low 1942	3.34	2.82	2.95	3.29	4.27	3.91	3.12	2.96
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago Jan. 20, 1941	3.36	2.75	2.96	3.36	4.38	3.95	3.17	2.97
2 Years ago Jan. 20, 1940	3.64	2.88	3.08	3.70	4.88	4.41	3.35	3.15

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

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

Secretary of Agriculture Calls For Largest United States Farm Production In History

Secretary of Agriculture Claude R. Wickard announced on Jan. 16 revised goals for farm production in 1942 substantially larger than the record output called for in the goals announced in the fall of 1941. At the same time he announced new policies with respect to loans, purchases, and sales of Government-held stocks which should stimulate the production of maximum supplies of the commodities most needed in the war effort.

"The new 1942 goals, revised in view of Pearl Harbor," Secretary Wickard stated, "call for the greatest production in the history of American agriculture, and for putting every acre of land, every hour of labor, and every bit of farm machinery, fertilizer, and other supplies to the use which will best serve the nation's war time needs." The Secretary went on to say:

The coming production season is the most crucial in the history of American agriculture. To American farmers, the nation looks for enough production this year to feed and clothe our own people for their war time task. To American farmers, the United Nations look for indispensable supplies of food and fiber for their people and fighting forces. No one can foresee the exact size of the needs of our allies a year from now, but already we know they will be large, and I fear they will be larger than we realize at this time.

Some of these goals will be very difficult to reach but we believe farmers can do it despite war time shortages of farm labor, machinery, and production supplies. For wheat, cotton, and tobacco, the goals should not be exceeded. To do so would waste precious labor and supplies. For the other commodities, if farmers are able to exceed the goals and processors can handle the products, the nation's interests would be served. In a word, we must produce to the limit in 1942 the things where shortages may occur under war time conditions, because if the war is a long one, it will become progressively more difficult to get production.

The goals place particular emphasis on the production of oil bearing crops such as peanuts and soybeans so that our supplies of oils and fats may not be reduced too drastically, even though importations from the Far East are cut off.

We are increasing the goals for corn by 5,000,000 acres in order to have plenty of grain to continue the expansion in meat, dairy, and poultry production now well under way. In order to expand feed supplies in certain areas and to provide storage space for the new wheat crop, we also are making arrangements to release Government-owned wheat for feeding at prices comparable with corn.

The goals call for an increase in dry edible beans and dried peas. An additional 5,000,000 bushels of rice are called for. Provision is made for an increase over 1941 of more than 18,000,000 cases in the pack of canned fruits and vegetables.

The Agriculture Department's announcement stated:

To increase the production of fats and oils a number of steps are announced. The goal for soybeans is raised to 9,000,000 acres; flaxseed, 4,500,000 acres; and peanuts, 5,000,000 acres. To encourage this production, price and loan supports will be employed, including a loan on flaxseed averaging at least $2.10 per bushel farm basis with location and grade differentials; purchases of soybeans at $1.60 a bushel, farm basis, for designated varieties of U. S. No. 2 Yellow, with location and grade differentials, and Government purchases of peanuts at $82 a ton for U. S. No. 1 White Spanish Type for oil, delivered at the approved local receiving agency, with location and grade differentials. The purchase price for No. 1 Runners will be $78 a ton and $70 a ton for Class A Virginias. Efforts will be made to step up the production of lard, tallow and grease in packing plants.

To increase the supply of animal feeds, corn goals and corn acreage allotments are raised 10% and there will be no marketing quotas on corn this year.

Corn producers in the commercial corn area who wish to exceed their acreage allotments by planting up to their usual acreage in order to have more feed may do so without incurring reduction in other payments. This will be especially helpful in the dairy areas.

To release storage space for the 1942 wheat crop and as a further aid to necessary livestock production, a program will be announced shortly providing for the conversion of Ever-Normal Granary wheat into livestock and poultry feed.

Farmers are increasing their hog and chicken numbers to such an extent that it will be possible to turn the additional feed supplies into larger quantities of meat, lard and eggs than was thought possible four months ago when the first goals were announced. The revised goals call for an increase of 4,000,000 head in hogs marketed, and 200,000,000 dozen eggs over the September 1942 goals. The increased feed supplies also will help to attain the goals set for meats and for milk marketing and production. The price supporting program announced last Fall for hogs, eggs, evaporated milk, dry skim milk, cheese, and chickens (excluding broilers) continues in effect. Under this program prices are supported at a minimum of 85% of parity.

Because of ample supplies, wheat and rye acreage remain at the level of the September goals. All restrictions on rice acreage have been removed; and the goal has been raised 120,000 acres. This will provide for a substantial increase in rice production in 1942.

The goal for dry beans is 13% above 1941 acreage and for dry edible peas the goal is 73% more than in 1941.

The revised acreage goal for canning vegetable crops is expected to result in a pack 45% above the 1936-40 average, and a program has already been announced for obtaining an increase of more than one-fifth over the 1941 pack of canned peas and tomatoes. The indications are that production of vegetables for fresh use in 1942 will show an increase over 1941 production.

The canned fruit is expected to be 4,000,000 cases larger than in 1941. Dried fruit production is expected to be 100,000 tons larger than in 1941.

The potato goal provides for increases in planted acreage over 1941 and a price supporting program is to be announced.

Revised goals for all types of tobacco except cigar wapper are higher than those established in September.

It is expected that cotton acreage will be about 1,000,000 acres larger than was anticipated in September. To increase production of long-stable cotton special premiums will be offered on staples of 1⅛ and over.

There will be no limitation on plantings of sugar beets and sugarcane in 1942.

Summing up the job ahead for American agriculture Secretary Wickard commented:

This is an all-out program difficult of attainment, but in the nation-wide farm canvass recently completed, farmers have already indicated that they plan to equal or exceed the production called for in most of the goals announced in September.

The Department of Agriculture, through the management of its programs, and through cooperation with the other agencies of Government whose work touches the farmers' problems of labor, supply, and price, will do its utmost to bring farmers all possible aid in getting the job done. Adequate farm production is vital to the nation's existence, and the task of achieving it will command the energy and devotion of every farm family.

NYSE Calls For Blood Donors For Red Cross

The cooperation of the members and member firms of the New York Stock Exchange in finding contributors to the Red Cross Blood Donor Service was urged on Jan. 12 by Emil Schram, President of the Exchange, and James F. Burns, Jr., President of the Association of Stock Exchange Firms. In a letter to members Messrs. Schram and Burns state that, with the country at war, the need for blood donations is almost without limit. It is said that donations will be welcomed by the Red Cross from those between 21 and 60 in average health. Copies of a Red Cross leaflet and Blood Donor registration blanks may be obtained at the Exchange's circular window, 11th floor, 20 Broad Street.

Retail Prices Advanced Further In December According To Fairchild Publications Index

Retail prices in December showed the smallest monthly advance in several months, according to the Fairchild Publications Retail Price Index. The index showed a gain of 0.7% during the month of December. This follows a gain of 1.2% recorded for November, 1% for October and 2.5% for September. In August the gain was 3%. The index at 108.3 (Jan. 3, 1931=100) is the highest since 1930. Prices show an advance of 15.3% above the corresponding period a year ago, and 21.8% above the period immediately preceding the outbreak of hostilities in 1939.

The following is from an announcement issued on Jan. 14 by Fairchild Publications:

Each one of the major subdivisions recorded a gain during the month, with infants' wear showing the smallest gain. Piece goods and women's apparel recorded the largest advances above a year ago and infants' wear the smallest advance above a year ago. Piece goods and home furnishings showed the greated gains in comparison with August 1939.

With the exception of furs, which showed a fractional decline, all the commodities included in the index either remained unchanged or advanced. The greatest gains over a year ago were recorded by cotton piece goods, sheets and pillowcases, aprons and house dresses, corsets and brassieres, women's underwear, men's shirts, men's shoes, infants' shoes. This is the first time that the apparel items have begun to advance much more rapidly. In comparison with a year ago the greatest gains have been recorded by cotton piece goods, sheets and pillow cases, women's hosiery, aprons and housedresses, furs and furniture.

Retail prices are still below replacement levels. Therefore further gains in quotations are to be expected, especially since wholesale prices are also advancing, according to A. W. Zelomek, economist, under whose supervision the index is compiled.

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1941=100
Copyright 1941 Fairchild News Service

	May 1, 1933	Jan. 2, 1941	Oct. 1, 1941	Nov. 1, 1941	Dec. 1, 1941	Jan. 2, 1942
Composite Index	69.4	93.9	105.2	106.2	107.5	108.3
Piece Goods	65.1	87.0	99.9	101.6	103.7	105.0
Men's Apparel	70.7	89.3	95.5	96.5	97.5	98.1
Women's Apparel	71.8	92.5	104.1	105.7	106.9	107.7
Infants' Wear	76.4	97.6	101.2	102.1	103.2	103.7
Home Furnishings	70.2	95.7	106.9	108.5	109.5	110.2
Piece Goods						
Silks	57.4	69.1	78.9	79.8	80.7	81.3
Woolens	69.2	88.5	98.4	99.5	101.2	101.7
Cotton Wash Goods	68.6	103.4	122.4	125.6	129.2	132.0
Domestic						
Sheets	65.0	93.6	108.9	111.4	113.2	114.7
Blankets & Comfortables	72.9	116.8	123.8	124.4	125.3	125.5
Women's Apparel						
Hosiery	59.2	73.3	83.4	86.0	87.8	88.6
Aprons & House Dresses	75.5	106.4	121.4	124.6	127.4	129.5
Corsets & Brassieres	83.6	92.9	99.1	100.1	102.1	103.2
Furs	66.8	108.8	138.1	*138.1	*136.4	*135.9
Underwear	69.2	85.9	93.8	95.7	97.7	98.8
Shoes	76.5	88.9	89.6	89.6	89.8	90.4
Men's Apparel						
Hosiery	64.9	87.5	94.3	94.8	96.0	96.4
Underwear	69.6	92.0	100.3	102.8	105.5	106.2
Shirts & Neckwear	74.3	86.0	90.0	91.4	91.8	93.1
Hats & Caps	69.7	83.4	89.0	89.1	89.4	89.4
Clothing incl. Overalls	70.1	92.1	98.3	99.2	99.7	100.0
Shoes	76.3	94.7	101.0	101.7	102.6	103.8
Infants' Wear						
Socks	74.0	103.8	106.3	106.3	107.3	107.3
Underwear	74.3	95.2	98.8	100.3	100.7	101.2
Shoes	80.9	93.9	98.6	99.6	101.5	102.5
Furniture	69.4	103.2	123.1	124.7	125.5	126.6
Floor Coverings	79.9	127.8	138.3	138.6	140.4	140.7
Musical Instruments	50.6	53.7	61.3	*64.6	*65.6	*65.7
Luggage	60.1	76.0	84.2	*89.2	*89.7	*89.7
Electrical Household Appliances	72.5	79.7	89.0	*90.4	*91.1	*91.6
China	81.5	94.9	104.1	105.1	105.6	106.4

*The Federal tax of 10% at retail is excluded in the computation of the fur index. The excise taxes on luggage, radios, and electrical appliances are levied on the manufacturers.

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

Insolvent National Bank Dividends

During the month ended Dec. 31, 1941, authorizations were issued to receivers for payments of dividends to the creditors of six insolvent national banks, Comptroller of the Currency Preston Delano announced on Jan. 14. Dividends so authorized will effect total distributions of $835,501 to 35,782 claimants who have proved claims aggregating $9,725,830, or an average payment of 8.50%. The minimum and maximum percentages of dividends authorized were 4.18% and 55.0%, while the smallest and largest payments involved in dividend authorizations during the month were $48,401 and $327,100, respectively. Of the six dividends authorized, Mr. Delano said, one was a regular dividend payment, and five were final dividend payments. Dividend payments so authorized during the month ended Dec. 31, 1941, were as follows:

DIVIDEND PAYMENTS TO CREDITORS OF INSOLVENT NATIONAL BANKS AUTHORIZED DURING THE MONTH ENDED DEC. 31, 1941

Name and Location of Bank—	Date Authorized	Distribution of Funds by Dividend Authorized	Total Percentage Authorized Dividends to Date	Amount Claims Proved
North Capital Savings Bank, Washington, D. C.	12-15-41	$50,700	36.64%	$940,600
Park Savings Bank Washington, D. C.	12-19-41	120,100	36.68%	2,872,500
The Will County National Bank of Joliet, Ill.	12-31-41	154,500	72.71%	2,302,433
The First National Bank of Ypsilanti, Mich.	12-17-41	134,700	71.39%	2,107,400
*The First National Bank of Anadarko, Okla.	12-3-41	327,100	55.00%	594,800
The First National Bank of Beaver Falls, Pa.	12-26-41	48,401	95.33%	908,037

*Regular dividend. In case of other banks final dividend.

Cost of Living Rose 0.5% In December According To Industrial Conference Board

The cost of living for wage earners and lower-salaried clerical workers in the United States was 0.5% higher in December than in November, according to the Division of Industrial Economics of The Conference Board. This was a smaller increase than in the previous three months, when living costs rose at an average rate of 1.3% per month. The cost of living in December was 8.7% higher than in December, 1940.

The Board's index of the cost of living in the United States (1923=100) was 93.4 in December, as compared with 92.9 in November and 85.9 in December, 1940. Under date of Jan. 14 the Board further said:

Sundries advanced more than any of the other main components of the cost of living index from November to December. They were 0.9% higher, and they were 4.7% higher than in December, 1940.

Clothing advanced 0.6%, and was 9.7% higher than in December, 1940.

Food and housing advanced 0.4%. Food was 18.3% higher than in December, 1940; housing was 2.7% higher.

Fuel and light advanced 0.1%, owing to a slight increase in coal prices. The cost of fuel and light was 4.4% greater in December than in December, 1940, although the cost of gas and electricity was 0.6% less.

The purchasing power of the 1923 dollar was 107.1 in December, as compared with 107.6 in November and 116.4 in December, 1940.

The following table shows The Conference Board index of the cost of living, by main components, for November and December, 1941, with percentage changes:

Item—	Relative Importance in Family Budget	Indexes of the Cost of Living 1923=100 Dec., 1941	Nov., 1941	Pct. of Inc. (+) or Dec. (—) from Nov., 1941 to Dec., 1941
*Food	33	92.6	92.2	+0.4
Housing	20	89.9	89.5	+.04
Clothing	12	80.1	79.6	+0.6
Men's		87.8	87.3	+0.6
Women's		72.3	71.9	+0.6
Fuel and light	5	90.3	90.2	+0.1
Coal		92.5	92.4	+0.1
†Gas and electricity		85.9	85.9	0
Sundries	30	102.8	101.9	+0.9
Weighted average of all items	100	93.4	92.9	+0.5
Purchasing value of dollar		107.1	107.6	—0.5

*Based on The Conference Board index of food prices for Dec. 15, 1941 and Nov. 14, 1941. †Based upon retail prices of 35 kilowatt hours of electricity, 1,000 cubic feet of natural gas, or 2,000 cubic feet of manufactured gas.

Latest Summary Of Copper Statistics

The Copper Institute on Jan. 12 released the following statistics pertaining to production, deliveries and stocks of duty-free copper:

SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE
(In Tons of 2,000 Pounds)

U. S. Duty Free Copper	Production *Crude	Production Refined	Deliveries to Customers §Domestic	Deliveries to Customers Export	†Refined Stocks End of Period	Stock Increases (+) or Decreases (—) Blister	Stock Increases (+) or Decreases (—) Refined
Year 1935	------	------	------	------	231,415	------	------
Year 1936	731,629	748,660	764,560	54,447	101,068	—17,031	—70,347
Year 1937	982,045	964,176	803,095	62,798	259,351	+17,869	+98,283
Year 1938	644,869	638,076	481,803	125,869	289,755	+6,793	+30,404
Year 1939	836,074	818,289	814,407	134,152	159,485	+17,785	—130,270
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	—41,417	—16,713
Year 1941	1,015,494	1,065,667	1,513,292	307	75,564	—50,173	—67,208
Jan., 1941	83,280	93,840	119,736	22	116,854	—10,560	—25,918
Feb., 1941	79,240	93,654	112,808	11	97,689	—14,414	—19,165
Mar., 1941	85,701	95,322	134,333	6	89,873	—9,621	—7,816
Apr., 1941	88,042	89,687	123,580	49	98,789	—1,645	+8,916
May, 1941	90,342	89,390	144,293	--	93,076	+952	—5,713
June, 1941	82,558	88,560	115,097	42	98,164	—6,002	+5,088
July, 1941	82,099	86,879	143,089	33	74,384	—4,780	—23,780
Aug., 1941	84,695	85,426	117,486	--	71,930	—731	—2,454
Sept., 1941	81,839	81,553	121,021	--	63,670	+286	—8,260
Oct., 1941	86,019‡	86,617	121,313	144	67,260	—598‡	+3,590
Nov., 1941	84,718‡	84,799	123,168	--	72,352	—81‡	+5,092
Dec., 1941	86,961	89,940	137,368	--	75,564	—2,979	+3,212

*Mine or smelter production or shipments, and custom intake including scrap.
†At refineries, on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.
§Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.
‡Corrected.

Dec. '5 & 10' Sales Show Normal Seasonal Gain

Sales of the leading "5 & 10" chains rose during the holiday season by approximately the normal seasonal amount. As measured by the "Syndicate Store Merchandiser's" seasonally adjusted Sales Index, issued Jan. 12, average daily volume per store in December at 129.5% of the 1935-39 average was only slightly below November, when the Index stood at 130.2. This compares with 130.9 in August, which represented an all-time peak for the Index and with 115.3 in December of 1940.

Actual sales of 12 leading 5c & 10c to $1.00 variety syndicates, which totaled $186,400,936, showed a gain of 15.1% over December 1940. For the full year sales amounted to $1,083,636,916, representing an improvement of 13.7% over the year 1940.

DECEMBER, 1941
5c & 10c TO $1.00 SYNDICATE STORE SALES

	December 1941	December 1940	Pct. Chg.	12 Months 1941	12 Months 1940	Pct. Chg.
F. W. Woolworth	$62,498,002	$54,571,108	+14.5	$377,130,933	$335,460,287	+12.4
S. S. Kresge	29,533,700	26,363,483	+12.0	176,088,571	158,162,394	+11.3
W. T. Grant	23,531,577	20,030,462	+17.4	128,241,292	111,051,059	+15.4
S. H. Kress	17,376,051	15,732,229	+10.4	101,389,664	88,299,960	+14.8
J. J. Newberry	11,595,806	9,961,723	+16.4	64,201,624	55,878,977	+14.9
G. C. Murphy	10,898,006	9,041,996	+20.5	63,514,748	53,365,581	+19.0
McCrory Stores	9,398,144	8,027,770	+17.1	53,012,971	46,207,993	+14.7
H. L. Green	9,174,856	7,971,910	+15.1	52,817,083	47,105,091	+12.1
McLellan Stores	5,089,546	4,442,958	+14.6	27,577,281	23,877,576	+15.5
Neisner Bros.	4,770,116	3,648,929	+30.7	26,468,794	22,492,307	+17.7
Rose's Stores	1,617,509	1,301,857	+24.2	7,877,797	6,270,253	+25.6
M. H. Fishman	917,623	819,699	+11.9	5,316,158	4,738,243	+12.2
Total, 12 Synd.	$186,400,936	$161,914,124	+15.1	$1,083,636,916	$952,909,721	+13.7

Steel Production Decline Probable Due To Scrap Shortage—Orders Booked Hold

Of all the nations at war, Japan has been considered most vulnerable from the viewpoint of supplies of raw materials like iron and steel scarp, states "The Iron Age" in its issue today (Jan. 22), adding: "It is likely, however, that Japan's supply of scrap is far more ample than is generally realized and is sufficient to permit high armament production by that country for many months to come. Japan's iron and steel scrap pile at the start of 1942 is estimated at approximately 10,000,000 tons. In the decade just ended Japan received about 11,600,000 tons of scrap from the United States, a period in which the Japanese steel industry produced approximately 56,000,000 tons of steel ingots and castings, and about 30,000,000 tons of pig iron. Among the factors taken into account in a survey in the current issue of 'Iron Age' are Japan's imports of finished steel products as well as scrap, its home-produced scrap and recovery of old metal from large-scale wrecking operations in China.

"Because of prospects that steel production may be lower in 1942 than last year due to the scrap shortage, the U. S. mills are beginning to experiment with light grades of scrap. Scrap collectors in the east have been burning the tin off old cans in bonfires and sending the charred cans to the steel mills. One mill in the Pittsburgh-Wheeling-Weirton district is experimenting with use of partly detinned cans in steel melting. In an effort to salvage the tin from old cans, two large detinning firms met recently with OPM representatives at Washington.

"The recent announcement that a drive is being conducted to end misgrading of iron and steel scrap, under a system in which OPA inspectors will appear at consumer plants without advance notice, is not unwelcome to many steel plants and foundries. Scrap found to be upgraded will be recommended for reclassification, and sellers and consumers will be liable to penalties.

"This week the Office of Production Management, which is likely to be abolished in Nelson's streamlining of the war production machine, is working on a method to determine the demand for any one of 100 basic materials according to the end use, and to what degree considering the stress of war consumption of material, this use should be supplied. This method is called the end use code, and it is said the 100 'broad bands of use' may be considered as 'supply bins' from which materials may be directed both for civilian and military needs.

"Meanwhile the most drastic step yet taken to enforce the priority system of distribution of war materials and equipment is proposed in the second war powers bill now being considered by the Senate Judiciary Committee. This bill contains provisions for giving the armed forces all-out power to requisition any machine deemed necessary for war work, regardless of how much that machine is being used. Requisitioning powers under the Selective Service Act are restricted to machines which are not in actual use and which are not considered necessary for the operation of a plant.

"Steel production this week is at 96.5% of capacity, a half point advance over last week, according to 'The Iron Age' estimates. The minor rise is due to small gains recorded at Chicago, Cleveland and in Southern Ohio. The Pittsburgh rate is unchanged at 97%, and Youngstown output is holding for another week at 95%. St. Louis dropped seven points to 85%, the eastern area one point to 103% and Eastern Pennsylvania a half point to 91%. While operations in Southern Ohio rose nine points to 102%, Buffalo is unchanged at 90%, Wheeling at 88%, Birmingham at 95.5% and Detroit at 94%.

"Steel orders booked so far in January are equaling, or in a few cases exceeding, the volume of the corresponding period in December, although orders had been expected to decline somewhat because of the all-out war program. The OPM has allocated 375,000 tons of steel to South American countries for the first quarter of 1942, together with some tungsten and nickel.

"Approximately 1,750,000 tons of steel will be needed for the 522 merchant ships for which contracts totaling $948,000,000 were announced last week by the U. S. Maritime Commission. The ships, made as part of the Victory Program, call for 8,000,000 gross tons of shipping in 1942 and 10,000,000 tons in 1943."

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Jan. 20, 1942, 2.30467c. a Lb.

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

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

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

Pig Iron

Jan. 20, 1942, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	23.45

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

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 11
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Jan. 20, 1942, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.42

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

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

The American Iron and Steel Institute on Jan. 19 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.7% of capacity for the week beginning Jan. 19, compared with 97.8% one week ago, 93.4% one month ago and 96.5% one year ago. This represents a decrease of 0.1 point or 0.1% from the preceding week. The operating rate for the week, beginning Jan. 19, 1942 is equivalent to 1,614,200 tons of steel ingots and castings, compared to 1,615,800 tons one week ago, 1,543,100 tons one month ago, and 1,557,400 tons one year ago. Weekly indicated rates of steel operations since Jan. 6, 1941, follow:

1941—	
Jan 6	97.2%
Jan 13	98.5%
Jan 20	96.5%
Jan 27	97.1%
Feb 3	96.9%
Feb 10	97.1%
Feb 17	94.6%
Mar 3	97.5%
Feb 24	96.3%
Mar 10	98.8%
Mar 17	99.4%
Mar 24	99.8%
Mar 31	99.2%
Apr 7	99.3%
Apr 14	98.3%
Apr 21	96.0%
Apr 28	94.3%
May 5	96.8%
May 12	99.2%
May 19	99.9%
May 26	98.6%
Jun 2	99.2%
Jun 9	98.6%
Jun 16	99.0%
Jun 23	99.9%
Jun 30	91.8%
Jly 7	94.9%
Jly 14	95.2%
Jly 21	96.0%
Jly 28	97.6%
Aug 4	96.3%
Aug 11	95.6%
Aug 18	96.2%
Aug 25	96.5%
Sep 2	96.3%
Sep 8	96.9%
Sep 15	96.1%
Sep 22	96.8%
Sep 29	96.9%
Oct 6	98.1%
Oct 13	98.4%
Oct 20	97.8%
Oct 27	99.9%
Nov 3	98.2%
Nov 10	96.6%
Nov 17	97.0%
Nov 24	95.9%
Dec 1	97.6%
Dec 8	97.5%
Dec 15	97.9%
Dec 22	93.4%
Dec 29	96.1%
1942—	
Jan 2	96.4%
Jan 9	97.8%
Jan 16	97.7%

"Steel" of Cleveland, in its summary of the iron and steel markets on Jan. 19 stated:

Lines are being drawn tighter in the steel industry and in most products high priorities are covering production almost to the exclusion of civilian supply. Fullest co-operation by the industry is aiding government authorities charged with distribution and to the extent that steel can be produced it is being supplied to fabricators of essential war materials.

Pending whatever changes may result from formation of the War Production Board the steel industry is proceeding on the basis of OPM provisions, awaiting developments which may be deemed expedient to further the aims of maximum production. Meanwhile every means possible to keep production close to capacity is being brought into play and in spite of obstacles output is maintained at record levels. While lack of scrap continues to hamper production, many open hearths being idle for that reason, labor interruptions no longer cut into working time, which is a distinct gain, compared with last year.

Full force of the war effort is not yet apparent and the industry expects renewed demand along some lines as further plans are developed. Among expected increases is further demand for building material for additional munitions plants, army and navy bases and additions to those already built. Some of the latter already are appearing.

Pig iron supply has been sufficient for prime needs but large inventories existing when allocation started have been worked down in the meantime and larger requirements are likely in coming months to supply those formerly covered by reserves.

Plates continue in heaviest demand as ships, tanks and other war requirements absorb an increasing quantity. In an effort to supply all preferred users more strip mills are being pressed into service for plate production and many users, including builders of freight cars, are allowed to use only plates from strip mills. This releases the output of regular plate mills for purposes where specifications are important. That plates will continue to be in heavy demand is indicated by an estimate of OPM that war needs this year will total over 10,000,000 tons, a figure in excess of total plate capacity.

Production of finished steel is hampered by lack of semifinished steel supply, especially to non-integrated mills. Allocation from integrated mills to expedite production of needed steel has resulted in some cases in short supply for the latter.

Scrap supply shows no tendency to increase in spite of various efforts to gather whatever can be tempted out by local committees canvassing various cities. Currently snow and cold hamper collection and preparation and February may prove the low point. Scrap from automobiles in hands of wreckers offers a source of much tonnage and pressure is being concentrated on these in an effort to obtain the available material while allowing retention of resale parts. Wrecking of a section of elevated railroad in Boston has been ordered and will provide about 10,000 tons. Shortening of automobile assembly has reduced scrap from this source which has not yet been replaced by material from tanks and other war manufacture.

Cold bar drawers will be put on allocation Feb. 1 on the basis of their purchases for the first seven months of 1941, to be obtained from their 1940 sources of supply.

Due entirely to lack of scrap, production last week receded ½-point to 93%. Youngstown made the greatest decline, 6 points, to 84%. Wheeling lost 1 point to 89%, Cleveland 2½ points to 90% and Chicago 1 point to 101%. New England gained 8 points to 100%, St. Louis 5 points to 81 and Detroit 4 points to 86. Unchanged rates were maintained at Pittsburgh, 95; Eastern Pennsylvania, 89; Buffalo, 79½; Birmingham, 90 and Cincinnati, 91½%.

Paralleling broken records in production of steel and iron in 1941, shipments of finished steel by the United States Steel Corp. during that year totaled 20,458,937 net tons, 36% greater than in 1940 and 19% above the previous all-time record in 1916. December shipments were the highest in the history of the Corporation for that month, totaling 1,846,036 tons, almost 14% above those of November.

Automobile assemblies last week totaled 75,025 units, a gain of 16,035 over 58,990 made the previous week. This compares with 124,025 cars turned out in the corresponding week last year.

Composite prices are unchanged in absence of any alteration in ceiling quotations, as follows: Finished steel, $56.73; semifinished steel, $36; steelmaking pig iron, $23.05; steelmaking scrap, $19.17.

Szymczak Calls For Price-Fixing, Rationing Aggressive Fiscal Policy To Fight Inflation

Warning that the "inflation potential ahead is tremendous," M. S. Szymczak, member of the Board of Governors of the Federal Reserve System, said on Jan. 14 that the two broad lines of attack on the problem are price ceilings on many or all goods, supplemented by rationing, and an aggressive fiscal policy coupled with monetary controls. Addressing the 31st annual convention of the National Retail Dry Goods Association in New York City, Mr. Szymczak stated that "in practice, I feel sure that we shall have to do a great deal of both."

He listed the three broad aims of the war period as follows:

The first and most important is to get the maximum output of war materials and get it quickly.

The second is to avoid unnecessary disruption of economic life, both now and in the post-war period.

The third is to spread the burden of the war effort as equitably as possible.

Inflation interferes with all three of these objectives, Mr. Szymczak asserted. "Rapidly rising prices make it more difficult to plan and operate our war effort efficiently. They will aggravate the problem of post-war adjustment, and they are inequitable because they impose uneven and arbitrary burdens on different economic groups, especially a heavier burden on the poor than on the rich."

As to price-fixing and rationing, Mr. Szymczak declared:

If we fix price ceilings but leave people with increased incomes to spend, then we must find some way of distributing fairly the limited supplies available. Prices can then no longer act as the allocating mechanism. We must take the rationing job over directly.

A recognized obstacle to the price fixing procedure is the great administrative difficulty of imposing, policing, and enforcing price ceilings on the thousands of commodities bought and sold in our markets. Even with only a few prices fixed it is very difficult to check evasion; with ceilings on many or all prices the task would be a most formidable one. No one knows that better than you. Already OPA is hard-pressed for competent personnel — yet OPA today is only a shadow of what it will have to be if price ceilings spread everywhere.

But less widely recognized than these administrative difficulties is this fact—price fixing inevitably calls for rationing. If scarce goods are not to go to the man with the long purse, then who will get them? "First come, first serve" is not an equitable or a feasible procedure. The Government will have have to step in and tell us how much of each thing we shall have—how many rubber tires, how many wool suits, and so on. If incomes soar and prices are fixed, someone must decide who is to get goods for which there are many bidders. Rationing appears to be the only alternative to a haphazard scramble.

With regard to the other major method of combating inflation—adoption of an aggressive fiscal policy supplemented by monetary controls—Mr. Szymczak had the following to say:

If, by taxes or some other means, enough of current income could be withdrawn each year to hold spending down to the level of goods available at existing prices, there would be no problem of general price rises. Theoretically such a procedure could make direct controls unnecessary, but practically, of course, resort must be had to both ways of approach to the problem.

To the extent that the overall fiscal approach is adopted, the primary available steps are: 1. Taxes; 2. Borrowing of current savings, and 3. Monetary controls.

There can be no doubt that increased taxes are one of the means necessary to ward off inflation. Almost all taxes bite directly into current income, and we must all be prepared for a very great increase in the tax burden. We must bear it cheerfully—not only because we are prepared to do our share, but also because we must realize that if we are not taxed directly we shall lose more and lose less rationally through a rise in prices.

Saying that taxes must be distributed on the equitable basis of ability to pay, Mr. Szymczak declare that the tax system must take into consideration timing and nature and must also be designed so as to prevent war profiteering. He continued:

To the extent that the Government must borrow, the borrowing must be planned so as to derive the maximum possible portion of the funds from current income. If the borrowing reduces current spending from what it otherwise would have been, the result is as anti-inflationary as taxes. If the borrowing comes out of past savings or from newly expanded bank credit, it does not reduce current spending — on the contrary it increased "money in circulation" and feeds the fires of inflation. Borrowing from the public is by no means necessarily a non-inflationary financing method. It is non-inflationary only when it draws current income or resources that would otherwise be used for civilian purposes.

Broadly speaking, the use of Defense Savings Bonds may help most to absorb current income, and we must all do our part by using a portion of our incomes to buy such bonds. No doubt thus far many bonds have been purchased from accumulated savings. This is better than if these bonds had been purchased by banks, but much less anti-inflationary than additional taxes. To the extent that borowing does not come out of current income, it cannot be relied upon to replace taxes as an inflation preventive. But to the extent that the Government must borrow rather than tax, borrowing from the public is still much better than selling bonds to the banks. The widespread plea "Buy Defense Savings Bonds" is one well worth heeding.

Explaining that a "carefully planned tax and borrowing policies could easily be offset to a considerable extent if people borrowed to replace the funds paid in taxes or lent to the Government," Mr. Szymczak stated that, therefore, monetary controls are an integral part of an aggressive fiscal policy. He added that Government regulation of consumer credit will be further restricted and that there should be more adequate control of bank reserves if monetary policy is fully to supplement fiscal policy.

CCC Conditions Of Cotton Sales Program

Commodity Credit Corporation stated on Jan. 13 that offers to purchase Government-owned stocks of 1934 and 1937 cotton under the program recently announced, will be accepted beginning Jan. 19. The price at which cotton may be purchased under the terms and conditions of the program, it is explained, will be 19 cents per pound for 15/16-inch middling cotton stored in the Group B mill area of the Carolinas. The price will vary for other locations in the same amount as the location differentials used in the "Cotton Sales for Export Program." The announcement further stated:

Premiums and discounts for qualities other than 15/16-inch middling will be the higher of (1) those applicable under the 1941 cotton loan program or (2) the average of the 10 spot markets for staple lengths up to but not including 1 1/16-inch during the period from Dec. 15, 1941 through Jan. 3, 1942, or (3) the nearest designated spot market on Jan. 10, 1942.

For staple lengths 1 1/16-inch and longer, the approximate average during the same period on the Memphis market will be used. A schedule showing the premiums and discounts based on the average of the 10 spot markets or the 1941 loan schedule, whichever is higher, may be obtained from Commodity Credit Corporation.

All offers must be submitted by telegraph to Commodity Credit Corporation, New Orleans, La. The offers must identify the cotton by a description of the grade and staple and warehouse location. Consideration will be given the offers in the order received.

Catalogs showing by warehouse locations the grade and the staple length of the 1934 and 1937 cotton offered for sale are available, upon request to the Corporation, New Orleans, La., at a price of $10. The 1934 catalog will be furnished without additional charge to persons who have previously purchased the 1937 catalog.

Retail Food Prices Continued To Advance Between Mid-November And Mid-December

Retail prices of most foods continued to rise between Nov. 13 and Dec. 16, but the rise was moderate in comparison with earlier months, Acting Commissioner Hinrichs of the Bureau of Labor Statistics reported on Jan. 15. Large seasonal declines for pork, eggs, and oranges, and lower prices for butter reduced the total cost of the family food bill sufficiently to offset these advances, and the Bureau of Labor Statistics' index of retail food costs remained at 113.1% of the 1935-39 average. Thus, the cost of the food market basket was 16% higher on the average than a year ago.

By the end of December, preliminary reports indicated additional moderate advances in prices of sugar, flour, navy beans, beef, and coffee, with further seasonal price declines for oranges and eggs, and lower butter prices, said the Bureau's announcement which added:

Retail prices of oranges declined 22% between mid-November and mid-December. Both California navel and Florida oranges were late in arriving on the market this year, creating a scarcity in mid-November. By mid-December, supplies were available in much greater volume, with a consequent sharp price decline. Supplies of pork and eggs were also marketed in increasingly large quantities, and the decline of butter prices reflected an unusually large supply. The Department of Agriculture reports that supplies of butter on hand as of Jan. 1 are the largest that food dealers have ever reported on that date.

Sugar prices, generally very sensitive to war conditions, advanced moderately. After the attack on Pearl Harbor there were some scattered reports of hoarding and runs on grocery stores similar to those of September, 1939. However, this situation has not been general, and where it has occurred, grocers have voluntarily limited purchases to 5 or 10 pounds per customer, particularly after the order of Dec. 13, which froze sugar stocks in the United States and limited supplies available to retailers at 1940 monthly levels.

Advances in prices of milk and bread have been made during the current year in most of the cities covered by the Bureau of Labor Statistics' surveys. Between mid-November and mid-December, price increases for milk were reported in 7 cities. For bread, moderate declines occurred in 5 cities and slight advances in 7.

Lard prices were higher in most cities on Dec. 16 than on Nov. 18, continuing the rapid rise which has prevailed during most of the year. The upward trend in prices also continued for canned tomatoes, navy beans, and cheese, as these commodities, together with lard, are being exported in considerable quantities.

As compared with Dec. 3, 1940, prices of some of the more important fresh vegetables such as potatoes, cabbage, and onions, were more than 40% higher, reflecting somewhat smaller supplies and greater demand. Lard prices were up 65% above the relatively low level of the prvious year partly because of Government purchases under the Lend-Lease Act, and prices of shortening in cartons were 58% higher. Advances amounting to 30 to 40% over a year ago were reported for canned peaches, navy beans, and canned red salmon. Coffee prices were also up 30%, due largely to higher minimum price levels set under agreements with coffee producing countries, as well as to higher shipping costs. For flour and rice, prices were 19% higher, and for bread, 10% higher. Prices of cereals and bakery products other than bread, flour, and rice, were only slightly higher than a year ago.

Changes at retail from Nov. 18 to Dec. 16 and since December, 1940 for the more important foods were as follows:

Item	December, 1941, compared with Nov., 1941 (Percentage Change)	December, 1941, compared with Dec., 1940 (Percentage Change)
Oranges	—21.7	+ 7.5
Eggs	— 5.5	+23.6
Pork chops	— 4.2	+29.7
Butter	— 2.3	+ 1.2
White bread	0	+10.3
Milk, fresh (average)	+ .7	+14.3
Cheese	+ .9	+29.7
Canned tomatoes	+ 1.0	+20.5
Coffee	+ 1.1	+31.2
Evaporated milk	+ 1.1	+25.7
Sugar	+ 1.3	+20.8
Roasting chickens	+ 1.3	+ 7.4
Flour	+ 1.4	+19.1
Round steak	+ 2.0	+ 6.4
Rib roast	+ 2.3	+ 2.6
Potatoes	+ 2.3	+38.4

The Bureau also reported that retail food costs advanced in 28 cities, declined in 22, and remained unchanged in one between Nov. 18 and Dec. 16. The largest increases were reported for Los Angeles (2.8%), Scranton (2.1%), Washington, D. C., (1.8%), and Baltimore (1.6%). Sharp advances in prices of fresh vegetables, and greater than average increases for beef were responsible for these higher costs. The largest decreases were for Providence (1.7%), Jacksonville (1.6%), Chicago and Cincinnati (1.4%). The drop in prices of fresh fruits and vegetables combined with the large seasonal decline for pork were responsible for the decreases.

Index numbers of food costs by commodity groups for the current period and for Nov. 18, 1941, Oct. 14, 1941, Dec. 17, 1940, and Aug. 15, 1939, are shown below:

INDEX NUMBERS OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS
(Five-Year Average 1935-39 = 100)

Commodity Group—	Dec. 16, *1941	Nov. 18, 1941	Oct. 14, 1941	Dec. 17, 1940	Aug. 15, 1939
All Foods	113.1	113.1	111.6	97.3	93.5
Cereals and bakery products	102.5	102.2	102.2	94.8	93.4
Meats	111.1	110.4	112.9	97.4	95.7
Beef and veal	114.4	112.4	115.1	107.0	99.6
Pork	103.2	105.4	109.3	80.8	88.0
Lamb	108.1	107.4	110.8	94.1	98.8
Chickens	100.5	99.4	101.6	93.4	94.6
Fish, fresh and canned	138.9	135.9	131.5	114.1	99.6
Dairy products	120.6	120.9	119.9	107.4	93.1
Eggs	138.1	†146.1	137.3	111.7	90.7
Fruits and vegetables	110.5	†110.3	104.0	90.4	92.4
Fresh	111.0	†111.2	103.5	89.5	92.8
Canned	106.3	105.2	103.7	91.3	91.6
Dried	118.3	116.2	112.7	99.6	90.3
Beverages	114.1	112.9	111.0	90.3	94.9
Fats and oils	108.5	106.7	105.6	80.1	84.5
Sugar	114.4	112.9	112.5	94.7	95.6

*Preliminary. †Revised.

Moody's Daily Commodity Index

Tuesday, Jan. 13	221.9
Wednesday, Jan. 14	223.2
Thursday, Jan. 15	223.1
Friday, Jan. 16	223.3
Saturday, Jan. 17	223.3
Monday, Jan. 19	223.6
Tuesday, Jan. 20	223.9
Two weeks ago, Jan. 6	221.5
Month ago, Dec. 20	217.0
Year ago, Jan. 20	174.7
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—Jan. 20	223.9
Low—Jan. 2	220.0

Electric Output For Week Ended Jan. 17, 1942, Shows 14.5% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Jan. 17, 1942, was 3,450,468,000 kwh., which compares with 3,012,638,000 kwh. in the corresponding period in 1941, a gain of 14.5%. The output for the week ended Jan. 10, 1942, was estimated to be 3,472,579,000 kwh., an increase of 15.7% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographic Divisions—	Week Ended Jan. 17, '42	Week Ended Jan. 10, '42	Week Ended Jan. 3, '42
New England	16.4	18.1	16.9
Middle Atlantic	11.0	12.8	11.5
Central Industrial	12.9	14.5	13.7
West Central	14.3	14.4	13.8
Southern States	15.4	16.5	17.8
Rocky Mountain	15.8	13.9	16.2
Pacific Coast	23.0	22.7	24.5
Total United States	14.5	*15.7	15.6

*Revised.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	*1941	1940	% Change 1941 over 1940	1939	1938	1937
July 5	2,903,727	2,425,229	+19.7	2,145,033	1,937,486	2,139,281
July 12	3,178,054	2,651,626	+19.9	2,402,893	2,154,099	2,358,438
July 19	3,199,105	2,681,071	+19.3	2,377,902	2,152,779	2,321,531
July 26	3,220,526	2,760,935	+16.6	2,426,631	2,159,667	2,312,104
Aug. 2	3,263,082	2,762,240	+18.1	2,399,805	2,193,750	2,341,103
Aug. 9	3,233,242	2,743,284	+17.9	2,413,600	2,198,266	2,360,960
Aug. 16	3,238,160	2,745,697	+17.9	2,453,556	2,206,560	2,365,859
Aug. 23	3,230,750	2,714,193	+19.0	2,434,101	2,202,454	2,351,233
Aug. 30	3,261,149	2,736,224	+19.2	2,442,021	2,216,648	2,380,301
Sept. 6	3,132,954	2,591,957	+20.9	2,375,852	2,109,985	2,211,398
Sept. 13	3,322,346	2,773,177	+19.8	2,532,014	2,279,233	2,338,370
Sept. 20	3,273,375	2,769,346	+18.2	2,538,118	2,211,059	2,231,277
Sept. 27	3,273,376	2,816,358	+16.2	2,558,538	2,207,942	2,331,415
Oct. 4	3,330,582	2,792,067	+19.3	2,554,290	2,228,586	2,339,384
Oct. 11	3,355,440	2,817,465	+19.1	2,583,366	2,251,089	2,324,750
Oct. 18	3,313,596	2,837,730	+16.8	2,576,331	2,281,328	2,327,212
Oct. 25	3,340,768	2,866,827	+16.5	2,622,267	2,283,831	2,297,785
Nov. 1	3,380,488	2,882,137	+17.3	2,608,664	2,270,534	2,245,449
Nov. 8	3,368,690	2,858,054	+17.9	2,588,618	2,276,904	2,214,337
Nov. 15	3,347,893	2,889,937	+15.8	2,587,113	2,325,273	2,263,679
Nov. 22	3,247,938	2,839,421	+14.4	2,560,962	2,247,712	2,104,579
Nov. 29	3,339,364	2,931,877	+13.9	2,605,274	2,334,690	2,179,411
Dec. 6	3,414,844	2,975,704	+14.8	2,654,395	2,376,541	2,234,135
Dec. 13	3,475,919	3,003,543	+15.7	2,694,194	2,390,388	2,241,972
Dec. 20	3,495,140	3,052,419	+14.5	2,712,211	2,424,935	2,053,944
Dec. 27	3,234,128	2,757,259	+17.3	2,464,795	2,174,816	2,033,319

Week Ended	1942	1941	% Change 1942 over 1941	1940	1939	1938
Jan. 3	*3,288,685	2,845,727	+15.6	2,558,180	1,619,265	1,542,000
Jan. 10	*3,472,579	3,002,454	+15.7	2,688,380	1,602,482	1,733,810
Jan. 17	3,450,468	3,012,638	+14.5	2,673,823	1,598,201	1,736,729

*Revised.

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	% Change 1941 over 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	13,836,992	11,616,238	+19.1	10,185,255	9,170,375	10,036,410
August	14,118,619	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13,901,644	11,484,529	+21.0	10,653,197	9,486,866	9,908,314
October	14,756,951	12,474,727	+18.3	11,289,617	9,844,519	10,065,805
November	---------	12,213,543	---	11,087,866	9,893,195	9,506,495
December	---------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for year		138,653,997		124,502,309	111,557,727	117,141,591

Post-War Program For U. S. Proposed

In a report, transmitted to Congress yesterday (Jan. 14) by President Roosevelt, the National Resources Planning Board outlined a nine-point program on planning for post-war America, which included the right to work and the right to security and a national 40-hour work week.

President Roosevelt said in his message of transmittal that "plans and programs to win the war and to win the peace must grow out of our common national purpose and with democratic participation in planning by all of us." He added:

Through efforts to state our objects and public discussion of their merits, we play our part as free citizens.

The report called for maintaining the national income at $100,000,000,000 and warned that if the war lasts several years, the nation may experience a post-war boom in housing, automobile production and general consumers' goods. In that case, it said, there must be intelligent planning to prevent a later economic tailspin ending in depression.

On this point the report said:

We have to make up our minds as a nation that we will not permit a post-war depression to overwhelm us. We do not have to take economic defeat after the military victory is won.

We can, if we will, maintain business prosperity. We can sustain a continuing demand for goods. We can keep industry going at high levels. We can maintain substantially full employment.

We can achieve a society in which every one capable of and willing to work can find an opportunity to earn a living, to make his contribution, to play his part as a citizen of a progressive, democratic country.

The program, implementing the "four freedoms," follows, according to the Associated Press:

1. The right to work, usefully and creatively through the productive years.
2. The right to fair play, adequate to command the necessities and amenities of life in exchange for work, ideas, thrift and other socially valuable service.
3. The right to adequate food, clothing, shelter and medical care.
4. The right to security, with freedom from fear of old age, want, dependency, sickness, unemployment and accident.
5. The right to live in a system of free enterprise, free from compulsory labor, irresponsible private power, arbitrary public authority and unregulated monopolies.
6. The right to come and go, to speak or to be silent, free from the spyings of secret political police.
7. The right to equality before the law, with equal access to justice in fact.
8. The right to education, for work, for citizenship, and for personal growth and happiness.
9. The right to rest, recreation, and adventure; the opportunity to enjoy life and take part in an advancing civilization.

Reserve Banks Report On Business

Indications of the trend of business in the various Federal Reserve districts is reported in the following extracts which we give from the "Monthly Review" of the Federal Reserve Districts of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco.

First (Boston) District

The Federal Reserve Bank of Boston, in its "Monthly Review" of Jan. 1, reports that in New England the "level of general busines activity during November decreased slightly from the high volume which prevailed during September and October, after allowances had been made for customary seasonal changes, but was substantially higher than in November a year ago." The Bank's "Review" further states:

Total revenue freight carloadings in New England were 107,890 during the four-week period ending Dec. 6, exceeding the total of 93,778 for the corresponding period last year by 15%.

The sales volume of 116 department stores and apparel shops in New England during November was 12.2% larger than in November a year ago, with increases in each of the six New England States.

Production of boots and shoes in New England during November is estimated to have been 9,926,000 pairs, a total of 28.5% smaller than was produced in October but exceeding November, 1940, by 6.1%.

During November the amount of raw cotton consumed by mills in New England was 99,122 bales, as compared with 119,319 bales in October and 83,005 bales in November last year.

Second (New York) District

In its "Monthly Review" for Jan. 1 the Federal Reserve Bank of New York reports that data now available for December indicate further progress in armament production and continued curtailment of output in other industries using scarce materials.

The Bank also states that during November this bank's monthly index of production and trade rose three points to 111% of estimated long term trend. This figure compares with 92 in July, 1940, at the start of the defense program, and with 86 in August, 1939, just prior to the outbreak of the European war. Each of the major segments of the index—production, primary distribution, and distribution to consumer—advanced during November.

Continuing, the Bank's summary says:

In the case of production, divergent tendencies were again shown between the output of producers' durable goods and production of consumers' durable goods. Continued gains in the war industries accounted largely for the further advance in the index of production of producers' durable goods, which has mounted steadily since the spring of 1940, while consumers' durable goods lines were again adversely affected by limitations upon output and by material shortages. Production of nondurable goods, in both the producers' a n d consumers' categories, increased somewhat in November.

Considering seasonal factors, retail trade recovered markedly in November, following the sharp recession that had characterized the two preceding months, but failed to regain the high level prevailing in August. Sales of department stores, mail order houses, and chain store systems, on a seasonally adjusted basis, showed definite gains between October and November. Retail sales of passenger cars are estimated to have run higher than in the previous month but substantially below the level of a year ago. Following the seasonal peak reached in October, railway freight traffic declined considerably less than usual in November and as a result the index of primary distribution rose three points.

Indexes of Production and Trade*— (100 = estimated long-term trend)	1940 Nov.	1941 Sept.	1941 Oct.	1941 Nov.
Index of production and trade	99	109	†108	†111
Production	101	115	†116	†118
Producers' goods—total	105	126	†128	†130
Producers' durable goods	104	135	†138	†140
Producers' non-durable goods	105	118	†118	†120
Consumers' goods—total	98	101	†103	†103
Consumers' durable goods	91	96	†95	†92
Consumers' non-durable goods	101	103	†105	†107
Durable goods—total	100	123	†125	†126
Non-durable goods—total	103	109	†111	†112
Primary distribution	92	103	†102	†105
Distribution to consumer	100	100	†94	†100
Miscellaneous services	93	102	†101	†104
Cost of living, Bureau of Labor Statistics— (100 = 1935-39 average)	100	108	109	110
Wage rates— (100 = 1926 average)	115	‡125	†126	
Velocity of Demand Deposits*— (100 = 1919-25 average)				
New York City	29	27	30	31
Outside New York City	61	59	59	66

*Adjusted for seasonal variation. †Preliminary. ‡Revised.

The indexes of production and trade have been recently revised, in some cases back to January, 1935, and in other cases back to January, 1940. Tabulations of the revised indexes are available upon request.

Third (Philadelphia) District

It is stated by the Federal Reserve Bank of Philadelphia, in its "Business Review" of Jan. 1, that "purchases for consumption have expanded to unusually high levels in the Third Federal Reserve District; production is being absorbed to an increasing extent by growing defense requirements; and prices generally are advancing." The Bank further reported:

Actual and threatened shortages of raw materials and finished manufactured goods have stimulated accumulations of inventories in some lines and have restricted civilian buying in others. Industrial operations generally are at high levels; further expansion of facilities is in evidence, and employment and payrolls have been unusually well sustained for this period of the year. Freight shipments have been large for this season and productive and distributive activity generally is above a year ago.

Fourth (Cleveland) District

The Federal Reserve Bank of Cleveland indicates in its Dec. 31 "Monthly Business Review" that "for the year 1941 as a whole, business activity in the fourth district was at new high levels. From the summary we also quote:

Total employment was the largest in history, and payrolls were up even more sharply, as a result of wage increases and overtime payments. Production of metals and metal products was the greatest ever reported, in part because of the urgency of defense preparations. Civilian goods output was extraordinarily large during the first three quarters of the year. The later curtailment reflected diversion of materials to armament manufacture, which b r o a d e n e d somewhat in scope as time passed. Consumer purchasing power increased considerably during the year, and much of it was spent on a wide variety of merchandise.

Fifth (Richmond) District

The Dec. 31 "Monthly Review" of the Richmond Federal Reserve Bank reports in part:

Industries in the Fifth district continued to operate at virtual capacity last month. Cotton consumption in Virginia and the Carolinas exceeded November, 1940 consumption by 18%, rayon yarn shipments in the United States were up 11%, tobacco manufacturing ran well ahead of activity a year ago, and bituminous coal output gained 7%. Shipyards and aircraft plants continued on full time, and many scattered industries worked multiple shifts on various phases of defense work.

Sixth (Atlanta) District

The following regarding business conditions in the Sixth Federal Reserve District is from the Dec. 31 "Monthly Review" of the Federal Reserve Bank of Atlanta:

In November Sixth District department store sales increased substantially, after declining in October, and continued well above a year ago. In the first half of December, although the effects of the outbreak of war were apparent in the smaller gain, sales nevertheless exceeded the record level of December last year. Wholesale trade declined seasonally in November, pig iron production was slightly lower, and construction contracts were awarded in a volume smaller than the record-breaking totals reported for August, September, and October. Textile activity increased in November to a new high rate.

Seventh (Chicago) District

In its Jan. 17 "Business Conditions" the Federal Reserve Bank of Chicago states that more men and women were employed in the Seventh Federal Reserve District during 1941 than ever before in history, exceeding the boom years of 1929 and 1937. Pushed upward by a combination of higher wage rates and more man-hours, payrolls rose to an all-time record, the Bank likewise says:

Industrial production, lifted by Government spending for the giant defense program, spiraled upward, sweeping trade to record levels. Notwithstanding the dislocations caused by priorities, material shortages, and limitation programs, 1941 was a banner year for Seventh District trade, industry, and agriculture. Banks were able to meet the needs of customers and ended the year in excellent condition with increased earning assets, ample cash, and reserves in excess of legal requirements.

Eighth (St. Louis) District

The Federal Reserve Bank of St. Louis reports that during November and early December Eighth District industry and trade were maintained at about the high levels of recent months. In the Bank's Dec. 31 "Business Conditions" it is also stated:

According to preliminary reports, November shoe production in the Eighth District is estimated at 26% below October. Sales of ordinary life insurance in Eighth District states in November were 10% less than in October and 14% above November, 1940. Revenue freight carloadings of railroads operating in the Eighth District during the four weeks ending Nov. 29 were 6% less and 15% greater, respectively, than in the similar periods a month and a year ago.

Ninth (Minneapolis) District

The Dec. 29 "Monthly Review" of the Federal Reserve Bank of Minneapolis has the following to report:

Business volume for November exceeded October and reached an all-time high for the month. Deposits at both city and country member banks continued to expand to new record levels. Department store sales again increased. Farmers' cash income from important livestock and livestock products was 42% over November, 1940.

Tenth (Kansas City) District

The following regarding business conditions in the Tenth Federal Reserve District was reported in the Dec. 31 "Monthly Review" of the Kansas City Federal Reserve Bank:

The wheat prospect in the western part of the belt is excellent.

Cattle slaughter and the production of petroleum, zinc, and lead are in large volume. Output of flour and coal, after declining in November, again is rising. Construction is very large because of awards for defense projects; other building is being curtailed by priorities.

Farm income is 25% and employment 11% higher than last year, but trade gains continue to narrow and inventories to rise.

Eleventh (Dallas) District

According to the Dallas Federal Reserve Bank, "the initial effects of the outbreak of war upon business and industrial activity in the Eleventh District included an acceleration of activity at plants producing war materials and a temporary curtailment of consumer purchases at retail outlets." In its Jan. 1 "Monthly Business Review," the Bank also reports:

Total freight-car loadings evidenced a counter-to-seasonal gain in November as compared with the preceding month. Building activity in this district, as measured by the value of construction contracts awarded, declined sharply in November, but remained at a much higher level than in the corresponding month a year earlier. Daily average petroleum production increased substantially and operations at refineries in this district were maintained near the peak established last September. The output of lumber was well sustained in November, whereas, shipments declined seasonally.

Twelfth (San Francisco) District

The Federal Reserve Bank of San Francisco, in its "Business Conditions" report for Dec. 29, says that "in the Twelth District, further expansion of industrial production under the stimulus of war will be reflected primarily in intensified efforts to increase the flow of those products already dominant in defense production in the area: ships, planes, and nonferrous metals." The report goes on to say:

In November continued expansion of defense activity more than compensated for reductions in some less essential lines and Twelfth District employment and payrolls continued to rise.

The value of non-residential construction initiated in November increased sharply over that of recent months, in large measure owing to a $91,000,000 contract for iron and steel making facilities. Private residential building, excluding an $8,000,000 life insurance company housing project in San Francisco, continued to decline from the mid-summer peak.

The decline in department store sales of the preceding two months was halted in November. Sales rose moderately and the increase continued through the first week of December, but was checked abruptly upon the outbreak of hostilities. Sales recovered somewhat in the week ending Dec. 20, but were up only 1% over a year ago.

NASD Membership Maintained in 1941

Wallace H. Fulton, Executive Director of the National Association of Securities Dealers, reported to the governors of that organization at its annual meeting in New York City on Jan. 15, that membership declined slightly to 2,883 firms during 1941, from 2,899 a year earlier.

Mr. Fulton's report also covered a year of increased activity by the Association in policing of its membership.

The NASD was organized under Federal law by securities dealers to promote high standards of business conduct throughout the industry and to provide members with an instrument of self-regulation.

Approximately one-third of the membership was examined by the Association last year, Mr. Fulton reported. As a result of those examinations, NASD filed complaints against 120 of its members. By the end of the year, 75 cases had been disposed of as follows: 26 expulsions from the association, 6 suspensions for as long as one year, 29 fines ranging up to $1,500, 32 censures of members for practices which resulted in complaints. In some cases, fines and censures were coupled.

Commenting on these figures, Mr. Fulton said in his report:

Consider that this Association has approximately 2,900 members and reflected that nearly 1,000 have been reached by our examining processes to date. Is there not cause for satisfaction that, in view of these facts, the association found cause in 1941 to file complaints against only 120 of the large number examined? We have talked about the "fringe," but we have not always been certain how wide an area it embraced. We know now that it is not large and beyond our surveillance.

The relationship of complaints to members examined does not mean that this proportion of the membership engaged in serious abuses of the principles of this business and the rules of the association. As a matter of fact, not more than 5 or 6% of the complaints involved violations of a seriously objectionable nature.

Mr. Fulton added that the Association will continue to police its members and is capable of so doing.

U. S. And Mexico Form Joint Defense Board

The creation of a joint United States-Mexican Defense Commission, to study problems of defense of the two countries, was announced on Jan. 12 by the State Department. In a formal announcement the State Department said that the Commission had been set up under the agreement reached by military representatives of the Mexican government in Washington and United States officials last spring. It is expected that the Commission would function in a capacity similar to the American-Canadian Joint Defense Board set up in 1940.

The State Department said the Commission will consist of Brig. Gen. Miguel S. Gonzales Cadena and Brig. Gen. Tomas Sanchez Hernandez for Mexico, and Vice-Admiral Alfred Wilkinson Johnson and Maj. Gen. Stanley Dunbar Embick for the United States.

Quotation Co. Elects

The New York Quotation Company, a subsidiary of the New York Stock Exchange, has elected Howland S. Davis and Charles Klem to the Board of Directors, and re-elected as Directors Emil Schram; Robert L. Stott, John A. Coleman and Eugene Lokey.

Slight Decrease In Active Cotton Spindles In December

The Bureau of the Census announced on Jan. 20 that according to preliminary figures 24,146,130 cotton spinning spindles were in place in the United States on Dec. 31, 1941, of which 23,063,112 were operated at some time during the month, compared with 23,069,146 for November, 23,043,310 for October, 22,963,944 for September, 23,029,066 for August, 23,028,082 for July, and 22,799,060 for December, 1940. The aggregate number of active spindle hours reported for the month was 10,539,876,175. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during December, 1941 at 124.0% capacity. This percentage compares, on the same basis, with 129.4 for November, 125.8 for October, 123.7 for September, 125.3 for August, 123.0 for July, and 105.2 for December, 1940. The average number of active spindle hours per spindle in place for the month was 437. The total number of cotton spinning spindles in place, the number active, the number of active spindle hours, and the average hours per spindle in place by States, are shown in the following statement:

State—	Spinning Spindles In place Dec. 31	Spinning Spindles Active during December	Active Spindle Hrs. for Dec. Total	Active Spindle Hrs. for Dec. Average per spindle in place
United States	24,146,130	23,063,112	10,539,876,175	437
Cotton Growing States	17,937,744	17,404,194	8,327,010,223	464
New England States	5,493,606	5,009,228	1,976,083,053	360
All other States	714,780	649,690	236,782,899	331
Alabama	1,814,724	1,789,248	885,162,266	488
Connecticut	522,840	491,564	171,314,030	328
Georgia	3,165,446	3,034,310	1,468,620,877	464
Maine	645,684	599,238	263,245,009	408
Massachusetts	3,119,194	2,806,486	1,067,224,593	342
Mississippi	153,408	133,824	65,839,552	429
New Hampshire	277,840	262,480	127,462,771	459
New York	328,540	296,914	114,735,917	349
North Carolina	5,792,966	5,634,146	2,518,275,856	435
Rhode Island	893.488	815,188	329,563,562	369
South Carolina	5,382.576	5,276,784	2,682,708,769	498
Tennessee	553,096	542,648	278,762,063	504
Texas	242,322	228,846	107,632,528	444
Virginia	636.596	598,816	260,296,734	409
All other States	617,410	552,620	199,031,648	322

1941 Construction Greatest In 13 Years

For the first time since 1928, building and engineering contracts awarded last year in the 37 eastern states topped the six-billion dollar mark. The 1941 total for those states, as compiled by F. W. Dodge Corporation from its daily field reports, and issued Jan. 22, was $6,007,474,000, compared with $4,003,957,000 in 1940, the previous record year of the post-depression period.

The most spectacular increase took place in the building of new manufacturing plant capacity, for which contracts in 1941 reached the record-breaking total of $1,181,523,000, a figure that excludes all processing machinery. This was more than two and a half times the 1940 volume of $442,424,000, and exceeded greatly the previous record year 1920, which had, at much higher cost levels than are currently prevalent, a total of $635,138,000. This increase in manufacturing buildings, coupled with a 48% increase in commercial building and with a very moderate increase in public and institutional buildings, produced a 1941 non-residential building total of $2,315,671,000, which was 79% more than the corresponding 1940 figure.

Residential building contracts last year reached a total of $1,953,801,000, largest since 1928, and 22% greater than the 1940 figure. Single-family houses increased 37% in number and 33% in total cost over 1940; two-family houses doubled in number and total cost; multiple dwellings slipped backward to the extent of a 29% decrease in dollar volume and a 24% decrease in new family units, as compared with the previous year. Heavy engineering contracts (public works and utilities) reached a total of $1,738,002,000 compared with $1,112,373,000 in 1940.

Commenting on the 1941 construction record, Thomas S. Holden, President of F. W. Dodge Corp. states: "This post-depression record volume was compounded of a large defense construction program and, up to last September, a rapidly mounting volume of public and private non-defense construction. According to government estimates about 40% of the total 1941 construction program was for defense construction. The 1942 program is presently estimated to equal in total dollar volume that of 1941, with a vastly increased war construction program, volume of civilian construction curtailed to absolute essentials and an approximately normal volume of maintenance and repairs. Seventy-five to 80% of this year's total volume will be war construction, quite widely distributed throughout the country. Being thus called upon to produce greatly expanded facilities for Army, Navy, Air Force, war production and war housing, construction becomes in 1942 one of the country's leading war industries. During recent months, successive priority rulings and orders curtailing non-defense construction have channeled the industry's capacity into its war job and prepared it to meet the task assigned to it."

Lend-Lease Agricultural Products To U. K. Over 2,650,000,000 Pounds

Agricultural commodities, delivered to the British Government for Lend-Lease shipment totaled more than 2,650,000,000 pounds up to Dec. 1, 1941, the Department of Agriculture said on Jan. 18. Total cost of these commodities, delivered at shipping points since operations started last April, was about $300,000,000.

Deliveries for shipment during November, as reported by Roy F. Hendrickson, Administrator of Agricultural Marketing, amounted to 450,000,000 pounds of food and other farm products, costing more than $50,000,000.

"War in the Pacific has not changed our basic program for agricultural commodity Lend-Lease operations," said Mr. Hendrickson, "We are continuing heavy purchases to make available the vital supply of food for England and Russia. We are also buying food and feed supplies to meet the needs of our territories under separate congressional authority."

Animal proteins—dairy, poultry and meat products—were largest by volume and value in the November shipments to England, as they had been in previous months. A long list of canned and dried fruits and vegetables, cereal products, and other foodstuffs, as well as some non-food agricultural commodities, made up the rest of the shipments.

Canadian Business Index Is Down In December

The Canadian Bank of Commerce, Toronto, index of Canadian industrial activity declined between mid-November and mid-December from 165 to 161 (1937 equals 100), while the percentage of current factory capacity utilized fell from 117 to 115, it was announced on Jan. 12 by A. E. Arscott, General Manager of the Bank. The decline in December, Mr. Arscott said, was partly seasonal, as in the case of foodstuffs and clothing, but can also be partly accounted for by the contraction of supplies for civilian consumption, especially in the automotive, iron and steel and electrical trades. The increase in the output of war supplies, he added, can hardly yet have reached a point to counterbalance both the seasonal and the incipient wartime decline in civilian goods. As it is, the December index was 22% higher than the year before. Mr. Arscott's announcement goes on to explain:

With the exception of meats and some prepared cereals, which rose slightly in volume, all categories of foodstuffs show either a lower or a steady output. Knitted goods rose slightly, but all other articles of and materials for clothing fell, especially in the case of factory garments. Paper bags and boxes and miscellaneous paper products rose but newsprint fell, thereby slightly reducing the activity of the pulp and paper paper group as a whole. The decline in the wood products group was mainly caused by the seasonal closing of some sawmills.

The automotive group as a whole rose owing to the increase in armoured vehicles, but an indication of a small civilian supply can be seen in the decline in automobile supplies. As already stated, a fall in the output of civilian goods is recorded in the iron and steel and the non-ferrous metal groups (mainly electrical supplies and equipment).

The Canadian wage payroll for November was 186 (1937 equals 100) compared with 189 for October and 145 for November, 1940. The decline this November was due to fewer working days together with a cessation of wage increases. The index is still, however, 28% higher than the year before.

The index of farm purchasing power for the twelve months ending September, 1941, was 91 (1926 equals 100) compared with 86 for that ending September, 1940; farm income was 81 compared with 70.5 but this advantage was partly offset by a rise in farm costs from 82 to 89.5, the largest single factor in which was a higher farm wage scale.

Farm income for the three months ending September was only slightly higher than for the corresponding period of 1940.

Farm Product Prices To Average 25% Above 1941

In 1942 prices received by farmers for farm products are expected to hold around parity, averaging neither greatly above nor greatly below that point, the U. S. Department of Agriculture reported on Jan. 16. In other words, prices received in relation to prices paid, interest, and taxes, are expected to average about the same as at the end of 1941, when the ratio was at 99% of parity. The Department's announcement further reports on the farm outlook for this year as follows:

In compliance with Agriculture's wartime production goals, total output of farm products is expected to be the largest on record. However, despite the record supplies expected, prices are likely to rise, partly because of record high consumer incomes, partly because the demands of consumers will focus sharply on food as the output of civilian manufactured goods declines, and partly because of continued Government purchases for lend-lease shipment. Under the influence of these factors, farm product prices are expected to average about 25% above 1941.

The result of higher prices for a larger output probably will be an increase of at least $2,000,000,000 in farm income this year as compared with 1941, when income was estimated at $11,600,000. At the same time, costs that farmers must pay out for goods and services are expected to rise, offsetting in part the estimated increase in income.

The national income probably will be at least $10,000,000,000 greater in 1942 than in 1941. Incomes of industrial workers will be over 15% greater than in 1941, and nearly double what they were at the beginning of the war. But increased taxes applying to individuals may hold the net increase in the money purchasing power of consumers in 1942 over the average for 1941 to not much more than 5%. Increased sales of defense bonds to the public may make the gain even smaller than this and the net result of increased money incomes, taxes, and defense bond purchases may leave the money income of consumers available for purchase of commodities and services no higher in 1942 than the present level. For some groups it will be even less than in 1941. Increased war production, however, will substantially reduce the quantity of factory products remaining for civilian use, probably to less than the quantity in 1940, so that consumer income in relation to available supplies of goods will be increased. This should add to the consumer demand for farm products in 1942 compared with 1941.

Increased Government purchases of farm products for shipment to our allies and for other purposes and the substitution of domestic farm products for some formerly imported, also will add to the demand for agricultural commodities. The net effect of the prospective changes in these conditions should be a substantial increase in the over-all demand for farm products in 1942 over the 1941 average, although the increase from present levels may not be great. The general level of all commodity prices also is expected to be substantially higher in 1942 than the average for 1941, with the rise in wholesale prices of agricultural products likely to be somewhat greater than the increase in prices of industrial commodities.

Pa. Factory Employment Sustained In December; Delaware Slightly Up

Employment in Pennsylvania factories in December continued at the November peak of over 1,150,000 workers, but wage disbursements increased 3% to a new high of about $37,000,000 a week, according to reports received by the Federal Reserve Bank of Philadelphia from 2,879 establishments. Working time expanded 2% in December. Increases over a year ago amounted to 15% in employment, 36% in payrolls, and 23% in the total number of employee-hours worked. The number employed in Pennsylvania manufacturing plants during 1941 averaged 1,100,000, or 18% more than in the preceding year; the volume of wage disbursements approximated $32,800,000 a week, an increase of 41%. Under date of Jan. 17, the Reserve Bank further reported:

Activity in December measured up to or exceeded seasonal expectations in all major lines except leather, where wage payments at shoe factories showed less than the usual increase. The greatest expansion in the month and over the past year has been in the heavy industries. Compared with 1940, the greatest gains were at plants turning out transportation equipment, forgings and castings, manufactured steel products, and brass and bronze. In consumers' goods lines the most pronounced increases over a year ago were at woolen and worsted mills, canning factories, and establishments manufacturing drugs and chemical products.

Average hourly earnings of factory workers in Pennsylvania increased in December to a new peak of 85 cents, or 11 cents an hour above the rate prevailing a year earlier. The number of hours worked per week expanded to 41.4 from 40.7 in November, and average weekly earnings advanced nearly $1.00 to $34.79, the highest in records back to 1923.

Employment at reporting Delaware factories increased less than 1% from November to December, but payrolls rose 6% and working time showed a gain of 4%. The sharpest expansion in activity was at plants turning out transportation equipment. The number employed during 1941 averaged 27% more than in 1940 and wage payments were nearly 53% greater.

Fed. Old-Age Insurance Coverage Up 5,000,000

At the end of 1941, the Federal old-age insurance records showed the crediting of wages during the year to approximately 40,000,000 employees or some 5,000,000 more than the number who received taxable wages in 1940, Federal Security Administrator Paul V. McNutt announced on Jan. 19. The taxable wages paid to these 40,000,000 workers amounted to about $41,000,000,000, nearly 25% more than the amount paid in 1940.

"This increase in the number of employees and wages paid," said Mr. McNutt, "shows the effect of the assignment of contracts for war materials and the resulting shift to defense production as the war program got well under way."

A summary of a survey by the Social Security Board's Bureau of Old-Age and Survivors Insurance, submitted to Mr. McNutt, shows that the effect of the defense program on covered employment and taxable wages was already apparent during the latter part of 1940. An estimated total of 35,000,000 persons worked in covered jobs during some part or all of 1940. This figure was 1,900,000 higher than the corresponding total for 1939. The total taxable wages credited to the old-age and survivors insurance accounts of these 1940 workers was estimated at $32,900,000,000.

"As was to be expected," the Administrator added, "the effect of the assignment of defense contracts in 1940 showed up particularly in the increased employment and wages reported for the last quarter of the year. The total number of workers in covered jobs during those 3 months was about 1,500,000 more than the number employed during July-September of 1940. The number of workers in covered jobs had been increasing for some time, but the gain from one quarter to another had never been as great as this."

The Bureau's survey shows that the average taxable wage per covered worker for 1940 was $940. This was nearly 7% higher than the average of $882 for 1939 and more than 5% higher than the average of $893 for 1937. From the average of $840 for 1938, a year of business recession, the increase to 1940 was $100 per worker, or more than 10%.

Petroleum And Its Products

The nation's petroleum companies were called upon to increase their use of railroad tank cars for movement of petroleum products from producing fields to both coasts this week, Ralph K. Davies, Deputy Petroleum Coordinator, making his request in Washington against a background of Naval announcements of further sinkings of American and United Nation tankers off the East Coast of the United States.

Three tankers, with many lives lost, was the toll enacted by enemy submarines operating off the Atlantic Seaboard during the past week with a fourth escaping both the shells and torpedoes of the attacking wolf of the sea to make port safely although with crew casualties. In making his request, Mr. Davies said "Tankers have been sunk on both coasts. Others have had to be assigned to military service. Ocean hauls are now complicated by obvious hazards. This means that overland movement has became more important than ever."

The Summer "shortage" on the East Coast last year saw the installation of additional loading and unloading racks to handle the increased volume of oil coming to Eastern refineries by railroad tank car and these expanded facilities will make it comparatively simple to increase rail movements of crude at the present time. With tanker movements hampered, movements by rail, although increasing transportation costs, will be ample for current needs, it is felt. Stocks of fuel oils and gasoline are at adequate working levels along the Atlantic Seaboard currently.

The Office of the Petroleum Coordinator also acted during the week to provide against any shortage of crude or refined petroleum in Oregon or Washington which might develop from coastwise tankers being diverted to war service. It will be remembered that the West Coast was the first area of submarine attack on the American mainland, which also held down tanker operations there. The recommendation issued by Petroleum Coordinator Ickes, approved by the Department of Justice, allows Northwest industry subcommittees to "carry into effect the sale, exchange or loan of petroleum products among marketers" where necessary to meet needs of military forces, of war industries and all civilian requirements."

The Petroleum Coordinator's office also issued ratings provided for in preference order P-98, announced previously by the Office of Production Management, governing materials for repair, maintenance and operating requirements of the approximate half-million operators in the oil industry. Mr. Davies said that, with certain exceptions, preference order P-98 follows, in general, the form worked out by the Office of Production Management in granting blanket priority ratings under preference order P-100. Both operators and suppliers are covered in the new order.

The Office of Production Management acted this week to tighten its control of the petroleum industry, issuing orders banning of drilling or natural gas wells unless there has been a consolidation of all separate property interests within a 40-acre area surrounding the operation. The OPM also announced two related regulations, the first broadening assistance to the industry in obtaining materials and the second curbs on marketing materials and construction similar to those already governing the petroleum industry itself.

Unless prices of petroleum and petroleum products are kept at or below the "informal" ceilings requested by the Office of Price Administration, action to put formal ceilings into effect will be taken, it was disclosed this week in Washington by Leon Henderson, OPA Administrator. Mr. Henderson sent producers, refiners and other factors in the petroleum industry a lengthy letter explaining its requests for price stabilization. The OPA already had "requested" the industry not to advance crude oil prices above the Oct. 1 level, or prices of petroleum products above the Nov. 7 levels.

Organizaiton of a national conference of petroleum regulatory agencies to provide "for the fullest cooperation between the Federal Government and the oil-producing States in the work of petroleum coordination" was announced last week-end in Washington by Petroleum Coordinator Ickes. The conference will include members representing the Interstate Oil Compact Commission as well as those oil-producing States having official agencies handling production of oil and gas. One of the main problems before the new group will be that of expanding production of high grade crude needed for high test aviation gasoline.

Another new petroleum group sprang into life in Washington this week under the sponsorship of Vice-President Wallace, who announced the creation of a special committee of oil company representatives "to maintain adequate petroleum supplies for our armed forces and those of our Allies." The group, known as the Foreign Petroleum Operating Board, will provide a central clearing house for foreign oil problems. The Board held a preliminary meeting shortly after its organization with representatives of the major American and foreign oil companies engaged in overseas business.

Acting in an effort to stimulate new oil exploration and production, which has been hampered, according to many oilmen, by the ceiling on crude oil prices, the Texas Railroad Commission has provided for sharply higher allowables for new wells, effective Feb. 1. Formerly, wells less than 1,000 feet were allowed 15 barrels daily for four months, and those 1,000 to 2,000 feet deep were allowed 30 barrels. The period was lifted to six months for all wells, and the first bracket raised to 40 barrels, the second to 80 barrels. The scale of permissive yields for deeper wells was increased proportionately.

Curtailed output in Texas was the major factor in a slump of 208,220 barrels in the nation's daily average flow of crude oil during the week ended Jan. 17, the "Oil & Gas Journal" reported Tuesday. The drop in the Lone Star State of 212,300 barrels pared the flow there to 1,501,800 barrels. States reporting higher production totals included Kansas, Oklahoma and Michigan.

Dismissal of one major defendant—the Barnsdall Oil Co.—and 47 minor defendants from the anti-trust suit against the major part of the petroleum industry by the Department of Justice a short time ago was disclosed in the nation's capital this week. The American Petroleum Institute, 21 major companies and more than 300 subsidiary and affiliated companies remain in the case. The suit was filed last September after a delay of several months while the National Defense Advisory Board studied its possible effect upon the defense program.

The Office of the Petroleum Coordinator on Tuesday recommended the construction of two Government-owned plants for the manufacture of 100-octane aviation gasoline to the Defense Plant Corp. The plants would be operated by the Pure Oil Co. of Chicago and the Southport Petroleum Co. of Kilgore, Texas, for the Government. Mr. Ickes' office refused to disclose where the plants would be built or what the construction cost would total.

In making the recommendation, the PCO said "wherever possible, private capital should do the job but time is so precious, and the need for aviation gasoline so great, that some Government construction is imperative." Defense Supplies Corp. contracted to purchase all of the high test aviation gasoline produced by Standard Oil Co. of New Jersey, Magnolia Petroleum Co., Texas Co. (at three refineries), and 1,300 barrels daily from Cities Service Corp.

There were no crude oil price changes posted this week.

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-Contin't, 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

The strong basic condition of the nation's gasoline markets, which would have meant higher prices were it not for Government control, is reflected in sustained steadiness in direct contrast to the normal easing off in prices which develops at this time of the year. Even the placing of tires under Federal rationing control has not brought any weakness in gasoline prices although time may alter this.

The average net dealer price for motor fuel in 50 major cities throughout the country on Jan. 1 was 9.98 cents a gallon, 1.44 cents better than at the outset of 1941 and only .06-cent lower than a month earlier. The American Petroleum Institute report also showed that consumers paid 19.91 cents a gallon at the turn of the year, against 18.07 cents a year earlier and 19.99 cents on Dec. 1, 1941.

The letter discussing crude and refined products prices, sent throughout the industry this week by the Office of Price Administration, served notice on retail dealers in all grades of gasoline that their prices must remain at or below the level ruling last Nov. 7 or a formal price ceiling will be imposed. While gasoline sold through retail outlets was not formally included in the list of affected products, the OPA said: "It must be understood, however, that these prices remain substantially at or below Nov. 7 levels."

Leon Henderson, OPA head, announced during the week that readjustment of gasoline prices in Madison, Sauk City, Sun Prairie and Lodi, Wis., had been approved in order that advances from depressed prices which resulted from unusual competitive marketing conditions might be made. The order of approval came after an OPA investigation of the situation there disclosed that bitter competitive marketing conditions in these areas had sent Nov. 7 prices down to the point where some jobbers were forced to sell at actual losses on that date.

The submarine attacks upon coastwise shipping on the Atlantic Seaboard which saw several tankers torpedoed and sunk had their effect upon bunker fuel oil markets along the East Coast. The Gulf Coast market is tight, with demand running heavy from both domestic and foreign buyers, but the tanker situation has caused some backing up of storage pending rearrangement of shipping movements. East Coast oil men have to worry about two factors: first, keeping sufficient stocks on hand and, second, keeping inventories within storage limits.

Price changes in the refined field were limited to OPA-approved upward readjustment of prices in several Wisconsin cities, covered above.

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

New York—	
Socony-Vac.	$.085
Tide Water Oil	.09
Texas	.085
y Shell Eastern	.085
Other Cities—	
Chicago	.06-.06¾
Gulf Coast	.06-.06
Oklahoma	.06-.06¾

y 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	.04⅜-.04¾

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

N. Y. (Harbor) unker C.	$1.35
Diesel	2.15
Savannah, Bunker C.	1.30
Philadelphia, Bunker C.	1.35
Gulf Coast	.85
Halifax	1.70

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

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28,30 D	.053
Tulsa	.03¾

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

President Asks Change Re Private Claims, Bridge Authorizations

President Roosevelt suggested to Congress in a special message on Jan. 14 a simplification of procedure for handling private claim bills and legislation governing the construction of bridges over navigable waters. In an effort "to save motion in the conduct of the Government," the President proposed that the executive departments and independent establishments be authorized to adjust and determine tort claims up to $1,000, with review by the Attorney General of awards over $500, and that the United States District Courts be given jurisdiction over claims of this nature up to $7,500, with a right of appeal to the Court of Claims. Mr. Roosevelt questioned the wisdom of the present procedure in enacting private claim bills, pointing out that more than 2,000 are introduced to each Congress of which less than 20% become law, and that it costs almost $200 to pass a single bill, which amount sometimes exceeds the payment involved. He added that executive departments and agencies now are authorized to settle claims up to $1,000 for property loss or damage and in a few instances claims for personal injury up to $500.

With regard to the bridge legislation the President suggested that, in order to save time and money, Congress consider passing an enabling act delegating to the Secretary of War the responsibility for authorizing the construction and maintenance of bridges over navigable waters in accordance with such general policy as Congress might prescribe. He pointed out that the War Department already is responsible for approving such bridge enterprises after Congress authorizes them and that the passage of each bridge act "costs the taxpayers several hundred dollars and consumes a large amount of time in the Congress, in the War Department and at the White House."

In the opening part of his message the President declared:

> In these critical days of our national defense effort, I feel there should be a joint endeavor on the part of the Congress and of the heads of the executive branch of the government to divest our minds as far as possible of matters of lesser importance which consume considerable time and effort. We should grant the responsibility for handling such matters to those equipped with year-round facilities and time to dispose of them.

Treasury Reports More Alien-Owned Materials

The Treasury Department turned over to the Supply Priorities and Allocation Board on Jan. 15 a second inventory of foreign-owned materials and equipment available in the United States to supplement the $200,000,000 list released Jan. 2, bringing the total inventory amount to almost $400,000,000, much of which is needed for war production.

"When the final figures on this census become available, the Division of Foreign Funds Control of the Treasury Department will have placed at the disposal of the War Production Board a list of foreign-held materials and equipment valued at more than $700,000,000," Secretary Morgenthau said.

This large sum will represent the value of all foreign-held materials and equipment in the United States which the Treasury believes will be of value to the nation in its defense program. Millions of dollars worth of vital defense materials which might other wise have rusted or rotted in warehouses from coast to coast will be placed at the disposal of American manufacturers, it is said.

"These materials, except for the Treasury Department's census, might never have been made available to the nation's war effort," the Secretary said. "Much of this property was simply sitting around in warehouses, unnoticed by the owner or the warehouseman. Its significance to the defense effort was not appreciated."

The vast sum includes not only materials of war, but also strategic materials for use in the nation's domestic economy which is now more than ever feeling the inroads of war industry. The materials include not only those which war manufacturers are now seeking but also foreign-held materials which may alleviate civilian shortages in the coming months of war.

The first inventory was referred to in these columns of Jan. 15, page 228.

Banks Liable Honoring Forged Checks Against Customer's Account

The New York State Court of Appeals ruled on Jan. 15 that a bank becomes legally liable when it honors forged endorsements on checks against a depositor's account. The Court reversed, 3 to 2, an Appellate Division decision authorizing the National City Bank and the Bankers Trust Co., both of New York City, to recover $6,740 from the Fitzgibbons Boiler Co., also of New York. In reporting the decision, Associated Press Albany advices of Jan. 15 said:

> The company contended the banks were negligent in cashing 11 checks totaling that sum during January and February, 1937, on the illegal endorsement of a company employe.
>
> Writing the majority opinion, Justice Edward R. Finch said "there is no duty upon a depositor to ascertain whether endorsements are genuine or forged.
>
> "The drawer is not presumed to know and in fact seldom does know the signature of the payee. The bank must, at its own peril, determine that question."
>
> Chief Judge Irving Lehman, in a dissenting opinion, in which Justice Charles S. Desmond concurred, said "if the plaintiff (the boiler company) had used better methods of bookkeeping and exercised greater vigilance * * * the dishonesty * * * would have been discovered and he could not have obtained the checks."