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FROM WASHINGTON AHEAD OF THE NEWS

One of the most interesting things I have lately heard around the War Production Board is that, after all, there is the possibility of a country going too much "all-out" for defense production for its war effectiveness. Bear in mind, for months the agitation here, and agitation is mostly all that Washington manufactures, was that "industry doesn't realize the gravity of the situation, that industry wanted to go ahead on a "business as usual" program. It so happens that business or industry all around the country has been "realizing the gravity" of the situation for the past several years, and particularly during the immediate months leading up to our getting into the war.

Businesses and industries latterly were "realizing the gravity of the situation" because priorities were either ruining them or threatening to ruin them. They were clamoring for government contracts while the Washington bureaucrats were making nightly speeches saying they didn't "realize the gravity of the situation," that they didn't realize that we had to "go all-out." Not only has business and industry taken an awful financial licking in this situation but a political beating from the propaganda that accompanied it.

Among the Dollar-a-year men,

those who have come to the top were as bad at spreading this gospel, at lending themselves to this agitation, as the most agitating New Dealer.

But now that they are at the top in the reorganized production set-up known as the WPB (the War Production Board) this writer thinks it quite hopefully significant that they are beginning to say privately that Britain found if it tried to turn more than 45% of its production to war goods, it militated against its war effectiveness. The point is that these fellows, inspired by economists, undoubtedly the same ones who were producing the figures for the "all-out" speeches, are now getting a little worried about the "all-out" stuff.

For the American industrial world, I think it is a hopeful sign. Apparently, for the first time

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On The Foreign Front

European Stock Markets

British trading in securities continues to be affected by the vast and uncertain considerations stemming from Far Eastern developments. Prices moved modestly lower on the London Stock Exchange in the latter half of last week, and the downward drift was accelerated early this week, when Singapore was invaded by the Japanese. Panic liquidation was absent, but the London market clearly reflected the gloom occasioned by the latest war news.

Gilt-edged stocks were marked lower only by minor fractions in the day-to-day trading at London, with the tendency a little more marked yesterday, as the British public prepared for the shock of the temporary loss of Singapore. Industrial and home rail issues were soft. Far Eastern rubber and oil shares were sharply lower at times, and South African gold stocks likewise lost ground. Shipping issues were relatively steady, and oil issues of companies located elsewhere than in the Far East also tended to improve.

Dealings on French markets in both the occupied and unoccupied areas are reported somewhat more lively, under slight relaxations of the official restrictions.

With more stock available under the new rules, demand for shares has been less acute. There are no reliable reports of trends in Axis or Axis-dominated markets of Central and Eastern Europe.

Singapore

Portents of unimaginable significance appeared in the Far East this week, as the defenders of Singapore fought a desperate but apparently hopeless battle against numerically superior Japanese units. Acting with amazing speed and resourcefulness, the Japanese began to invade Singapore Island late last Sunday, only eight days after completion of their conquest of the Malay Peninsula. With absolute control of the air, they pushed the British Empire units steadily back and there is, unfortunately, no longer any doubt

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THE FINANCIAL SITUATION

While dilettante "morale building" and frivolous propaganda in a thousand forms run riot in Washington; while stubborn defenders of "social gains" play fast and loose with our resources of materials and men; while the mild anxiety of the unthinking is hourly soothed with astronomical appropriations and dramatic pronouncements about promised miracles in the future; and while the public is being continuously spoon-fed with the exploits—often really heroic and sometimes bearing testimony of surpassing excellence in individual cases, but unfortunately about as often relatively meaningless in the larger scheme of things—of American individuals and machines, the relentless course of events is steadily laying bare the cold fact that we may lose this war, indeed, that we shall lose it, should we fail to exert and wisely direct our utmost effort to avoid such a catastrophe.

Fortunate indeed is it that, despite many protestations to the contrary by high placed officials, from the President down, the North American continent still enjoys the vast protection nature has afforded in thousands of miles of open water on both sides. Otherwise our very own hearths and altars might well today stand in serious and immediate jeopardy. As these things actually stand, it is obvious that our enemies would find our shores as inaccessible to them as we are finding theirs and those under attack by them many thousands of miles away. Nothing that has occurred for a moment suggests that the soil of the United States is less unconquerable by any foreign power, or probable combination of foreign powers, than thoughtful observers have always supposed it to be.

But we could easily lose this war, and the loss of it could be quite disastrous, without having tasted the bitterness of even a "token raid" upon our own soil here in the homeland. Such is one of the essential qualities of the

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No Time For Vaudeville

This is no time for self-hypnotism. We're big. We're strong. We're tough. But so is the other fellow. He caught us off guard once and he's sparring around now, doing a little in-fighting, waiting for us to get careless or to get cocky and turn around and wave to the audience.

*Let's quit being grandstanders. This fellow can hurt us and hurt us badly. And he has a plan. You can be sure that he knows just how he is going to try to catch us. * * **

Not enough of us realize that we can lose this war. We need, to produce the equipment called for in our blueprint for victory, a hard, grim, realistic spirit. We need the will—the constant driving, unflinching will to win.

*We need it not only on the battlefield and in the air and on the sea. We need it, too—and to no lesser degree—in the offices and in the factories, at the bench and at the lathe and at the plow—we need it in the homes, in the hearts and hands and minds of 130,000,000 Americans. * * **

I ask you to beware of easy confidence. I ask you to balance the good news we get of a victory here and there against a very grim over-all picture.

Once we have come to see and fully understand the dark side of this picture, then we shall, like the British after Dunkerque, rise up in our full might and fury, firm in the knowledge of our rightness, sure in the confidence of our ultimate strength, steadfast in our unshakable purposes.—William L. Batt.

And we shall need no vaudeville to bolster our morale.

Work Hours Increase After Pearl Harbor

Increased working time in important war industries after Pearl Harbor is the most striking aspect of the December wage and hour statistics, compiled by The Conference Board, of New York. In the heavy machine and foundry equipment industry, average hours per week rose from 45.9 in November to 47.7 in December. The Board also states:

In the Nation's foundries, working hours per man rose from 43.6 to 44.9. The employees of the machine and machine tool industry took a still firmer grip on their reputation as the champion workers on defense and war work. Throughout 1941 the employees of the prime war industry averaged 49.7 hours per week, thereby beating their nearest competitors, the employees of the heavy equipment industry, by 4.1 hours. In December they averaged 51.0 hours per week, one hour longer than in November and by far the longest working time per man in any industry.

The following other industries connected with war production increased their average working time in December: wool, miscellaneous foundry products, electrical equipment, iron and steel, hardware and small parts, leather, cotton (the Northern mills), paint and varnish, and chemicals.

The hours of work in the automobile, agricultural implement, and rubber manufacturing industries, on the other hand, were reduced by the curtailment of output of civilian goods. The employees of the automobile industry averaged only 34.8 hours in December, as compared with 39.5 in November. The agricultural implement workers averaged 39.1 hours, as compared with 40.8 in November. In the rubber manufacturing industry, working time dropped from 38.5 to 38.0 hours per employee. In 25 manufacturing industries the average working time in December was 41.6 hours, as compared with 41.5 hours in November, and 40.1 hours in December, 1940.

Wages Highest On Record

Average hourly earnings in 25 manufacturing industries increased in December at about the same speed as in November and October, according to The Conference Board. December was the 23rd consecutive month in which hourly earnings either increased or remained unchanged. Since August, 1939, they have increased 21%. Most of this increase has been caused by higher wage rates. Hours per week have increased moderately, from 37.9 in August, 1939, to 41.6 in December, 1941. Average weekly wages have risen from \$27.29 to \$36.08.

Average hourly earnings in December, 1941, amounted to 86.8 cents, as compared with 86.0 cents in November, and 74.5 cents in December, 1940. Average weekly earnings amounted to \$36.08, as compared with \$35.74 in November, and \$30.28 in December, 1940. They were the largest on record.

For the year as a whole, both hourly and weekly earnings were much higher than in any other year in the history of the country.

Editorial—

World Population and War-Economy

It is perhaps something more than a coincidence that a period which witnessed the plowing under of immature corn and cotton and the sacrifice of little pigs should culminate in the plowing under of population, by less direct means but upon a larger scale than the precedent destruction of subsistence. The late Dr. Frederick C. Howe, a shining although variable light during the earlier manifestations of the New Deal, observed to the writer during a chance meeting while it was still young, that he suspected that the United States had even then exceeded the optimum in population and that the number of its inhabitants might be reduced with general advantage to the remainder. That typical expression of defeatism, when the country held merely 41 inhabitants per average square mile, compared with 528 in Massachusetts and 668 in England and Wales! One fourth of the lower of these densities, that is 132 per square mile would give continental United States, exclusive of Alaska, an aggregate population in excess of 390,000,000, instead of the less than 132,000,000 counted at the census of 1940. But the New Deal at that time was thinking in terms of ease of living within domestic boundaries, not at all in terms of the prowess in international combat of the greatest possible number of conscripts organized for battle anywhere upon the globe or the maximum production of war materials to be consumed in the destruction of foreign enemies and enemy property. Such thinking is presumably suppressed, if not obsolete, at the present time. Thought inevitably now turns to the power that lies in large numbers and at least incidentally to the significance of the ancient formula which called for "the greatest good to the greatest number" as the ultimate goal of the social organization, economic and political.

World Population

Nothing could better contribute to genuine comprehension of the amazing material progress of European and American civilization than an intelligible exposition of the correlation between the vast progress of that period in the arts of agricultural and mechanical production, upon the one hand, and the enormous concomitant increases in population of the countries and regions which led in that progress, upon the other. The steam engine, the spinning jenny and the power loom were the prototypes of mechanical development and these were new at the commencement of the Nineteenth Century and in the initial stages of their adaptation to the commercial demands which they first supplied and then stimulated. Production by the new methods and with the new mechanisms was progressively organized; the latent genius among mankind being turned in the new direction rapidly contributed new discoveries and inventions; means for territorial inter-changes of raw materials and surplus products, including the machinery of banking, communication, and transportation, were promptly created and extended; and a genuine new order of existence arrived.

The essence of that new order lay in efficient production and wide distribution, simplicity if not complete freedom in all commercial and financial exchanges both domestic and foreign. Its consequences included a previously undreamed of capacity to support largely increased populations with actual improvement in their standards of living and the entire elimination of the dire hardships of poverty and the most meagerly rewarded and most grinding and oppressive toil. This progress centered within western Europe and North America, principally, on this side of the Atlantic, within the United States, but its beneficences were not restricted to the areas in which its manifestations were most apparent. The whole earth was explored for the raw materials necessary to supply the enlarged consumption demands of Europe and America and was opened to trade which brought to the least advanced portions and peoples the knowledge of higher civilization, of novel conveniences and luxuries, even of new safeguards against the consequences of accidents and disease and hence augmented comfort and security in living. Probably, the effect, in the numerical increase in the earth's total population, affords the best single index to the reality of the great antecedent changes in the methods of production that had begun with Watt and Newcomen, with Hargreaves and Arkwright; which is not yet complete with aircraft and wireless telegraphy; with synthetic rubber, rayon, and plastics. Estimates of the populations of the world at about the beginning of the Nineteenth Century vary from that of Volney, who placed it at 437,000,000, to those of Fabri and Pinkerton who independently arrived at a total of 700,000,000, for the year 1805. Behm and

Wagner, who collaborated many years later in the most complete inquiry that had been made up to that time, estimated the aggregate for 1882 as 1,434,000,000, the figure accepted by the editors of the ninth edition of Encyclopaedia Britannica. For 1926, Professor Carr-Saunders, of the University of Liverpool, adopts the total of 1,879,595,000, upon the authority of the International Institute of Statistics, and the currently accepted estimate of the present time indicates a world total of 2,100,000,000. The margin of error in these estimates has unquestionably diminished very greatly during the 150 years or less which they cover. Beyond doubt they are sufficiently accurate to support a conclusion that within that time there has been at least a three-fold, probably a four-or-five-fold, increase in the number of living inhabitants of this terrestrial globe. How significant such an increase really is can be suggested by reference to the fact that the best authorities now believe that, with the current ratio of births and deaths to the total population of western civilization, the progeny of a single pair of human beings would approximate the present total of the earth's population in only 1,900 years. That the aggregate reached by the year 1800 was, at the very most, little more than one-third of the present number indicates that iron law of Malthus must have been fully in operation throughout most of the history that ended when the Nineteenth Century began.

Malthus's Iron Law

The Reverend Thomas Robert Malthus in 1798, that is at about the beginning of the Industrial Revolution inaugurated by the steam engine and mechanical spinning, first published the results of his studies concerning the principles which control the numerical development of population. Considerably revised, more completely developed in logic and supported by statistics and other facts, and greatly enlarged to include these essential additions, the work was republished in a second edition in 1803. In brief, Malthus found that, excluding checks which ought to be regarded as abnormal, the natural relation between the aggregate of population at any period and its increase, by the excess of births over deaths, is such that the increase must be according to a geometrical progression with some positive ratio. Obviously, if this is true, and unquestionably it is true under static conditions, the aggregate must always tend to increase, however small the ratio may be and however slowly the augmentations may accumulate. As abnormal or artificial checks, frequently in operation, Malthus recognized war, famine, pestilence, and voluntary abstinence from parenthood. These causes, and infanticide, especially the destruction of female infants, once very widely prevalent in Europe, Asia, and Africa, beyond doubt constituted the essential means which, before the year 1800, restricted the growth of population so that in that year the world's total must have been below 700,000,000. Malthus went further. Finding that population naturally increases geometrically, he found also that the supply of available subsistence, that is principally of foods produced by tillage and animal husbandry which must ever be limited by the surplus of products of the soil, cannot increase except by arithmetical increments. Therefore, he concluded, population, unless unnaturally checked in its growth, must press increasingly upon the means of its subsistence, producing increasingly rigorous conditions of existence with spreading poverty and extremities of privation and the degradations of relentless and incessant toil. It followed, from these premises, that if the abnormal checks of war, famine, pestilence, and voluntary abstinence from parenthood, could not be called good, the least possibly to be said was that they were imperative and necessary and the ultimate protection of posterity against sufferings otherwise inevitable.

Came Then Progress

Malthus was indubitably right in the light of all the conditions he had seen or that the world had known at the time he wrote. His iron law was then operative and it must have remained operative had not progress which he had not apprehended supervened and multiplied the means of subsistence and the potentialities of their increase far beyond the concurrent geometrical increases in population, even in Europe and in the United States. Almost overnight the production of subsistence, of all consumption goods, ceased to be a function of human arm-power and leg-power and became a function of natural forces, hitherto almost wholly latent which mankind was every hour learning more completely to control and more efficiently to utilize. Supplemented by chemical discoveries, related in their origin and startling in their still unmeasured potencies, they speedily suspended the conditions under which the law formulated by Malthus was imminently operative and encouraged mankind to believe that it might permanently be disregarded without injury. The popula-

tion of England and Wales grew from 8,892,536 in 1801 to 39,947,031 in 1931, the latest census year for which reports are available. Concurrently, the United States grew from 5,308,483 in 1800, to 122,775,046 in 1930, and about 135,000,000, at the present time. Continental Europe was numerically increasing, despite heavy losses from emigration, almost as rapidly. By 1882 it had risen to 327,743,400 sixteen years ago (there being no late figures that are at all complete or reliable), in 1926, it stood at 467,092,000, and the average density for the whole continent had reached 126 per square mile. And withal, except where industry was impeded by warfare and preparations for war and where population was threatened by potentialities of armed conflict, the comfort and security of European mankind, from the lowest to the highest, exceed anything that history had known. Yet the iron law of Malthus was unrepealed. Its full vigor was latent, although its action was suspended. It waited, alert, potent, implacable, for the happening of conditions calling it into relentless operation. Are those conditions about to spring into being?

Consequences Of a War Economy

Those regions of the earth in which freedom, personal and economic; comfort, among all ranks and classes; security of life and limb and in economic existence and function had reached the highest attained in all history, have now abandoned themselves to an all-pervasive war economy. They have abandoned the splendid and marvelously increasing productivity of their peace economy to substitute an economy which frankly limits their subsistence and admittedly reduces their standards of living everywhere. Looking backward to the days of peace and abundance they readily see that their fortunate condition in those by-gone days was the product of a peace economy; with individual freedom at its maximum; with labor and capital controlled and made productive by private initiative, and free to move about within individual discretion; with banking and finance internationally organized; with trade unrestricted by quotas or prohibitions, and only partially impeded by the occasional custom houses. Nothing is more certain than that all these freedoms were essential to the perpetuation even of the then existing levels of population. It is equally certain that these levels cannot continue under any system of war economy or even under newly-urged peace economies in which international exchanges are to be controlled by bureaucracies and restricted by the crude processes of barter and governmentally administered distribution. The world must go back to the reasonable freedoms and the relatively just commercial and financial methods that characterized Europe and America before 1914, or admit that the principles expounded by Malthus have become again operative and controlling, that western civilization must voluntarily accept numerical curtailment, and that it must concede that hereafter it cannot suitably support the numbers and populations hitherto kept in comparative comfort and plenty. Man cannot transform society into a series of armed camps, subordinating everything to efficiency in warfare and production useless except as contributing to such efficiency; nor can he throw away his highest attainments in financial organization, private freedoms and opportunities, unrestricted or relatively free commercial exchanges and continue to exist in the numbers and with the comforts which he possessed when the Twentieth Century began.

The State Of Trade

Business activity while showing a slight setback in some quarters for the week, held to high levels generally, and continued to reflect the high rate of war production and the corresponding swollen payrolls and consumer demand for retail goods. Retail trade ran 18 to 25% ahead of a year ago, according to the Dun & Bradstreet compilation. It is the belief that part of this reflects hoarding in fear of additional restrictions. Hoarding also is reflected in the increase in money in circulation. The amount is now at a record total of \$11,231,000,000.

Electric power output is running 15.8% ahead of a year ago. Carloadings, although showing a slight seasonal decline, are the best for this particular week in the last 12 years.

Steel production in the United States has been stepped up this week to 98.2% of capacity, against 97.7% last week, 97.8% a month ago, and 97.1% a year ago, the American Iron & Steel Institute reports. Tonnage output this week of 1,622,400 tons will be the third largest for any week on record, comparing with 1,614,200 tons produced last week.

Overshadowing the favorable side of the business picture is the

increases, therefore, concern the Government far more than corporate managements.

The CIO has shown clearly that it is utterly indifferent to the inflation danger and to the oft-expressed determination of the Administration to stabilize the price level as a necessary war-time policy. These wage increase demands will soon come before the War Labor Board. That body must make up its mind to resist higher wage demands firmly, if it does not want to assume responsibility for scuttling the Government's strenuous effort to prevent inflation, observers state.

Retail sales gains over last year are likely to be narrowed noticeably before the month is over. A number of forces are now at work which will tend increasingly to slacken the consumer buying rush that has been in progress since the turn of the year.

Since many consumers have stocked up on a wide variety of staple items, the rush demand for such lines is beginning to taper off somewhat. The approach of income tax day on March 15, is having a sobering influence on many other consumers who are belatedly beginning to make provision for such taxes. The growing effectiveness of defense bond campaigns with the resultant increase in savings by consumers is also having its effect. It is pointed out that some \$1,000,000,000 were thus siphoned off last month. The diversion of this volume of funds is bound to have an effect on retail sales.

Retail sales last year expanded 17% from 1940's volume to establish a new all-time record at around \$53,600,000,000, the Commerce Department reported.

The year's turnover was also 11% greater than in 1929 and more than double the volume of 1933, the depression low in retail transactions.

Nearly half of the increase represents higher prices, the Department reported. But in spite of this the physical volume of goods was substantially above any previous year. Per capita sales were also a record at \$403. The previous high in 1929 was \$399.

Every major kind of business showed a substantial increase from 1940 to 1941. Unprecedented sales of retailers of durable goods in the first eight months put these stores in the lead in relative increase for the year.

Electric power production in the week ended Jan. 31, 1942, amounted to 3,448,193,000 kilowatt hours, an increase of 8/10ths of 1% over the output for the preceding week, the Edison Electric Institute reveals. The improvement over the corresponding week a year ago was equivalent to 15.8%, against a rise of 14.8% shown previously.

In the New England area the margin of gain over last year was 18.1%, compared with the previous gain of 16%.

Loading of revenue freight for the week ended Jan. 31, totaled \$15,567 cars, according to reports filed with the Association of American Railroads. This was a decrease of 2,237 cars from the preceding week this year, 101,213 cars more than the corresponding week in 1941, and 157,737 cars above the same period two years ago. This total was 135.37% of average loadings for the corresponding week of the 10 preceding years.

Heavy engineering construction for the week totals \$161,090,000, an increase of 72% over the volume for the corresponding 1941 week, but 27% lower than the 1942 high of a week ago as reported by "Engineering News-Record." Public construction is 193% higher, almost triple the 1941 week total, but is 32% below last week's total. The private volume is up 26%, compared with a week ago, but is 54% below a year ago. The current week's vol-

ume brings 1942 construction to \$789,870,000, a 16 1/2% increase over the six-week 1941 total.

The Nation's Class I railroads had an estimated net income of \$500,545,671 in 1941, which was more than two and a half times the 1940 profit, the Association of American Railroads report.

This was the first time since 1930 that their income exceeded the half billion dollar mark. In that year the net was \$523,907,472.

Operating revenues last year totaled \$5,346,699,988, an increase of \$1,048,700,000 over 1940 and an increase of \$66,000,000, compared with 1940.

Net railway operating income before payment of interest and rentals for the Nation's 135 Class I railroads last year amounted to \$999,502,930, a return of 3.79% on property investment, compared with a return of 2.61% in 1940 and 3.36% in 1930.

Common Trust Funds Offer Six Investment Advantages, Diversification Most Important

Six investment advantages afforded by common trust funds were outlined in New York by E. A. Stuebner, Vice-President of the Fidelity-Philadelphia Trust Company of Philadelphia, in an address before the Mid-Winter Trust Conference of the American Bankers' Association. Mr. Stuebner declared that common trust funds permit greater diversification of investments, allow closer supervision of investment policies, permit flexible investment policy, make it possible for the trustee to take advantage of unusual market conditions, allow careful timing of security purchases, and give participating trusts the advantage of execution of transactions at uniform prices.

"The Common Trust Fund" said Mr. Stuebner, "is designed primarily for the collective investment of funds of small trust accounts. It offers such accounts a number of advantages, the most important being a broad diversification of security holdings. Under current war-time conditions which are producing such rapid and far-reaching changes, diversification assumes added importance and, in my opinion, should be the keystone of any investment policy." Substantial change will be effected in trust department operations by the development of the common trust fund, it was stated at the Conference on Feb. 4, by A. W. Whittlesey, Trust Investment Officer of the Pennsylvania Company for Insurances on Lives and Granting Annuities. This emphasizes the necessity of cost and activity analyses, Mr. Whittlesey said. He added:

The extent to which any fund can now be used is limited somewhat by the Federal Reserve Board's restrictions of \$25,000 per trust. That greater use could be made of the common trust funds in Philadelphia is indicated by the fact that 22% to 37% of the total participating trusts have market values in excess of \$25,000, and this to some extent accounts for the relatively high over-all average holding of \$10,500 per participating trusts in the five different funds.

One of the questions asked by our Chairman in a recent survey was whether trustees were satisfied with the \$25,000 limitation for participation. Out of 12 answers, all but three felt that the limitation should be increased to either \$50,000, \$100,000 or that there should be no limit whatever. The three banks satisfied with the present \$25,000 limit were smaller institutions and this reemphasizes the desirability of ultimately having a flexible limitation which could be applied to all banks, whether large or small. This could be done by making the limit \$25,000, or 1% of the fund, whichever is greater. Under such a program, smaller trust companies would be automatically restricted by the \$25,000 limitation while the larger institutions would be able to make even greater use of their funds than they have already.

The momentum of the common trust fund movement is such that, provided we all scrupulously adhere to the exact following of the regulations, there would seem to be no reason why the Federal authorities will not at a later date permit an increase in the present \$25,000 limitation. When such a day arrives, we can look for-

ward to a business that is going to be eminently easier to handle and, by the same token, eminently more profitable. At the same time, we will be able to provide a splendid service to all our clients and our communities.

Mortgage Bankers To Conduct "Clinics"

In an effort to adapt the Association's program as fully as possible to the necessities of wartime, the Mortgage Bankers Association of America announced in Chicago a plan for a decentralization of meetings which will involve "bringing the Association direct to the members," according to Frederick P. Champ, President of the organization.

Instead of a limited number of regional clinic meetings in larger cities, the plan involves two-day conferences and mortgage clinics in 11 cities and one-day meetings in two cities. The first will be in Chicago, Feb. 27 and 28 followed by Denver, Mar. 23; Salt Lake City, Mar. 24; Seattle, Mar. 27 and 28; San Francisco, Mar. 31 and Apr. 1; Los Angeles, Apr. 3 and 4; Dallas, Apr. 10 and 11 and New Orleans, Apr. 14 and 15. The second series will begin in Philadelphia, May 1 and 2; New Haven, May 4 and 5; Atlanta, May 8 and 9; Nashville, May 11 and 12 and Cleveland, May 15 and 16. It is further announced that rather than setting up open-forum meetings with many mortgage bankers giving prepared addresses on their experiences with various lending problems, the Association is making a study to determine the most important mortgage problems created by a wartime economy and will delegate various members of the speaker's bureau to speak on them.

Porto Alegre Bd. Payment

Ladenburg, Thalmann & Co., New York, as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 7% sinking fund gold bonds, external loan of 1928, that funds have been deposited with it, sufficient to make a payment, in lawful currency of the United States of America, of 13.325% of the face amount of the coupons due Aug. 1, 1939, amounting to \$4.66% for each \$35 coupon and \$2.33 3/16 for each \$17.50 coupon. It is further announced:

Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

No present provision, the notice states, has been made for the coupons due Feb. 1, 1932 to Feb. 1, 1934 inclusive, but they should be retained for future adjustment.

Editorial—

Debate On Inflation

In the Congressional Record the report on the Senate debate covering certain financial powers included in the Second War Powers Bill ends with the grim footnote: "So Mr. Taft's amendment was rejected." Administration stalwarts and others to the number of 51 voted against a rather mild suggestion by Robert A. Taft, Republican Senator from Ohio, for further study of a proposal to permit direct sale of United States Treasury securities to the Federal Reserve Banks. Unsuccessful in his attempt to gain further study for this proposed power, Mr. Taft endeavored to limit to \$2,000,000,000 and to a maturity of thirty days the Treasury securities which might be held by the Federal Reserve Banks at any one time under the direct sale provision.

But Mr. Taft's amendment was rejected after a brief but illuminating debate on Jan. 28, and thus another important step was taken in the rake's progress toward inflation. Some of the Senators doubtless were aware that inflation is not a thunderbolt that rends the financial skies in a sudden blast, but is rather akin to a habit-forming drug. The first application of the drug may even be pleasant or pain-killing, but soon the doses grow larger and larger, and every step on the road to destruction necessitates another. One or two deficits will not lead inevitably to inflation; nor will occasionally ill-advised financing end in disaster. But if these things become habits they soon begin to undermine the financial foundations, and one expedient is piled on another to bridge the gaps. Such an expedient is the proposed power for direct sale of Treasury obligations to the Federal Reserve Banks.

Senator Taft explained matters carefully in this remarkable debate, which has received hardly any public notice. He conceded that the Federal Reserve Banks possessed until 1935 the power to purchase Treasury securities directly from the Treasury. He repeated some of the testimony which occasioned the legislative restriction in that year to purchases by the Federal Reserve Banks in the open market. The restriction was advocated in 1935 by Senator Carter Glass, among others, for deficit financing on an unprecedented peace-time scale then was in progress, and the restriction was designed to prevent an expedient in financing which led directly to the final whirl of German inflation in 1923. Mr. Taft reiterated that French inflation after the last war was stopped just short of complete ruination by limitation of advances by the Bank of France to the French Government.

In the course of his speech, Senator Taft reviewed the arguments put forward for the removal of the obviously sound restriction. These, he said, were that temporary money market difficulties of a tax date would be overcome by the power to purchase Treasury obligations directly, and that any crisis like the Pearl Harbor disaster would be prevented from exercising an unfortunate effect upon a Treasury financing operation, if such an operation were in progress at the time. Pointing to the tremendous balances customarily carried by the United States Treasury, Mr. Taft questioned the soundness of such arguments.

Failing in the attempt to have this provision of the Second War Powers Bill referred to the Banking and Currency Committee for study, Mr. Taft then urged limitations which would permit accomplishment of all aims of the provision, while still leaving at least a small obstacle to abuse of the power. He offered an amendment limiting to a maturity of thirty days and to an amount of \$2,000,000,000 the Treasury issues to be purchased directly. It was this amendment upon which a vote finally was taken, and the amendment was rejected.

Senator Glass, whose comments in 1935 were quoted in part, declared in this debate that what he said in 1935 remains good logic, but that we were not then in war or threatened by war. This is merely a temporary device proposed by the Federal Reserve Board for the present emergent situation, said Mr. Glass. Senator Barkley next entered the debate and discoursed on technicalities of Senate procedure and on the relatively modest open market purchases of Treasury securities by the Federal Reserve Banks after the Pearl Harbor disaster. He insisted that the provision of the War Powers Bill would not compel the Federal Reserve Banks to purchase Treasury securities directly from the Treasury, but merely would give them the right to do so. Senator Vandenberg asked for clarification of some points. And as the debate continued, statements were made which illumine the whole problem.

"The amendment," said Mr. Barkley of the provision in the War Powers Bill, "is intended to facilitate, insofar as it may facilitate, the financing of the war obligations. We do not know what is going to be the result. None of us knows how large our Government obligations may be before

the war shall end, and it seems to me, and it has seemed to the Committee, that no barrier should be set up by law during this emergency against the Federal Reserve System, which is in a sense an agency of the Government, although not controlled by it, except as its members are appointed by the President and confirmed by the Senate, so that in the event of any emergency in which the Federal Reserve System could better serve the purposes of financing the war they should be allowed to do so by buying bonds directly from the Treasury . . ."

Senator George, who voted against the limitations suggested by Senator Taft, summed up the matter with unexampled clarity. He reviewed some of the technicalities of the relationship between the Treasury and the Federal Reserve System, but concluded that if the Government offers securities to the Federal Reserve Banks the Federal Reserve Banks will take them.

"If enough of them are offered, and if the banks take enough of them, we have inflation," continued Senator George. "We need not argue about it. Everybody knows the size of the present deficit. It is true that it is already covered by securities. Everybody knows how rapidly the deficit will climb. None of us knows exactly where it will stop. I think that the amendment proposed by the Bill is charged with possibilities of ill which cannot be overstated. I hesitate to withhold the power from the Government, because the occasion may arise when it must be used. I should have no very great concern about sending the question to the Banking and Currency Committee, because the issue is simple and direct."

Senator Vandenberg, who sided with Mr. Taft on the proposed limitation of the power, agreed with Mr. George. It seems beyond question, Mr. Vandenberg remarked, that if a straight channel is dug from the Treasury to the Federal Reserve System, that channel is one of potential inflation.

"The emergency is twofold," said Senator Vandenberg. "I freely concede that there may be a borrowing emergency which the Treasury may confront, which temporarily may require some sort of a recourse of this nature; but alongside of that, and paralleling it, is the emergency which we confront in respect to the fiscal situation and inflation. The amendment proposed by the Senator from Ohio does not close the channel. It opens it precisely as does the text of the bill. But the amendment proposed by the Senator from Ohio puts just one small dam in the channel, which has to be recognized as a means of protecting the things we all recognized as needing protection when this phrase was written into the law in 1935. The amendment proposed by the Senator from Ohio leaves an emergency power for any financial necessities which the Treasury may confront. It simply insists that the exercise of the power shall be confined to an emergency, and shall not be used beyond an emergency necessity. I submit that is simply fundamental, elementary prudence, if we have the slightest realistic interest in preventing inflation."

In final comment, Senator Taft remarked that no one, either in the Government or elsewhere, has stated that the power sought is needed or is proposed to be used in order to obtain the large sums of money with which to finance the war. The only claims advanced, he added, are that the powers are desired because "temporarily there may be a soft spot in the bond market," because "on tax day there is a kind of bottleneck on funds."

"The Government has not said it has to have this power in order successfully to finance the war," Mr. Taft pointed out. "Some day it may need such power, but I hope that day will never come, because if we ever reach the point when the Government must have this power in order to finance the war, then our currency will be gone; there will not be any value left in the currency if the Government ever is forced to the point where it will be required to use it in large volume."

That ended the debate, and those who agreed with Mr. Taft numbered 25, those who voted for the broad power numbered 51, and 20 Senators did not vote.

1941 Textile Fiber Consumption Again Breaks Records Due To War Requirements

Due to greatly increased war requirements, United States consumption of the four major textile fibers (cotton, wool, rayon and silk) again broke all previous records, states the current issue of the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York City. Total consumption of the four major products, says the Bureau, aggregated 6,470,400,000 pounds, as compared with 4,896,100,000 pounds consumed in 1940. The magnitude of these figures is strikingly revealed by the fact that the 1941 increase amounted to 32% as compared with the previous year. The publication states:

The tremendous increase in

textile fiber consumption during 1941 indicates the impact of military, naval, industrial and consumer demands for textile products which have arisen as a result of this country's transition from the twilight

zone of war, peace and confusion to a war economy. Meanwhile, industrial activity moved ahead, thereby creating a greater demand for textile products. Similarly, the nation's purchasing power increased and the civilian consumer took advantage of bigger pay envelopes to buy more clothing, household furnishings and other textile products.

The Bureau's announcement goes on to say:

The consumption of raw cotton in 1941, as is natural, again led all other products, reaching a new all-time record of 5,207,200,000 pounds, an increase of 31% over the consumption of 3,961,700,000 pounds reported for 1940.

Wool consumption in 1941 amounted to 652,200,000 pounds, or 54% greater than the 21-year high of 422,400,000 pounds established in 1923. Of the 1941 total scoured wool consumption, 133,300,000 pounds represented carpet-class wool and 518,900,000 apparel-class wool. The favorable 1941 wool performance was due primarily to the Government's demand for wool textiles for the nation's fighting forces.

Rayon consumption in 1941 (yarn plus staple fiber) aggregated 586,000,000 pounds, another new high mark, surpassing the record previous year by 20%. The demand for rayon during 1941 was primarily civilian in character. Consumption of rayon last year was three and one-half times as large as it was in 1931, a performance unequalled by any other textile fiber.

Approximately 25,000,000 pounds of raw silk were consumed in the United States last year, the smallest total since 1920. This figure, in part, is an estimate, as December silk deliveries to American mills was not announced. The low raw silk consumption last year was due to the cessation of imports from Japan during the last five months of the year and the subsequent reservation of the country's raw silk stocks for military and naval use only.

The following table shows 1941 consumption of the four main textile fibers, as compared with recent years:

	(In millions of pounds)		
	1941	1940	1939
Cotton	5,207.2	3,961.7	3,629.7
Wool	652.2	411.1	396.5
Rayon	586.0	487.5	458.5
Silk	25.0	35.8	47.3
Total	6,470.4	4,896.1	4,532.0

FDR Asks "Parasites" To Quit Washington

President Roosevelt proposed on Jan. 30 that all "parasites" move out of Washington in order to make room for war workers. At his press conference, the President suggested that Washington newspapers print this headline: "Are You a Parasite?" In the category of "parasites," the President said, were those who came to the nation's capital because they liked the social life or because their children attended school there. Mr. Roosevelt also remarked that during the last war many of his friends had come to Washington chiefly for a good time, adding that they never did any work but had, in fact, impeded the Government. He further declared that by making it uncomfortable for the "parasites" there now they may be induced to leave. The President also said that under his war powers he had the authority to requisition living quarters and offices of unessential persons.

It was recently estimated that an additional 85,000 war workers would be required this year and that this influx threatens to overtax housing and other public facilities in Washington.

THE FINANCIAL SITUATION

(Continued from First Page)

struggle upon which we have launched ourselves, and in making this assertion we in no way refer to the Quixotic "war aims" which have been announced from time to time—establishment of the "four freedoms" everywhere in the world and much more of the same order. These latter are left wholly out of consideration, because first, they are mostly unattainable in any event, and second, they are as much associated with what is known as "winning the peace" as with winning the war. Quite apart from all this and also aside from difficulties we may encounter at any peace table with our allies, we, along with certain or all those who are fighting with us, are definitely committed to the destruction of the armed might of Germany and Japan. Failure to accomplish this titanic task would, we suppose, be rather widely admitted to be tantamount to losing the war. Certainly failure to compel both Germany and Japan to disgorge their conquests, or the vast bulk of them, would be universally and inevitably regarded as failure to win the war.

With these plain facts in mind, let us take the measure of the task before us. Clearly, if the German war machine is to be overpowered, or even if conditions within Germany well calculated to induce an internal collapse are to be brought into being, Russia must be the instrument with which the consummation is effected. The Reich is beyond the reach of what forces either the British or we are able to muster at least for a long while to come. But if Russia is to be equal to the role fate appears to have assigned her, she must be supplied with vast quantities of material—at the earliest possible moment. It might or might not prove possible for that gigantic nation with anything short of maximum support to stand the Germans off through another summer until winter again comes to her rescue. The risk of her being unable to do so would, however, be too great to be assumed, if avoidance is possible. In any event, if Russia is to make real progress during the coming year in crushing the German war machine the most that we can do to supply needed equipment will be little enough. With nothing to divert us, the task of making and transporting equipment to Russia in the required amounts, in the required time, would try our energies and resourcefulness for months to come—and failure to do so would entail risks of the first order of magnitude.

And we have a great deal to divert us. Time was when the habit was all but universal, in this country at least, to regard Japan and her imperialistic aspirations as but tails to the Hitler kite. "Just another Italy," was the way many referred to Japan in asserting the belief—even after Pearl Harbor—that once Hitler was defeated the Japanese campaign in the Far East would quickly collapse under even moderate pressure. There is too much reason to fear that this wholly unrealistic conception of the situation in the Western Pacific still lingers in many unthinking minds, despite the fact that a glance at the map, one would suppose, would quickly dispel such easy going notions. The fact is, of course, that Japanese depredations in Asia far ante-date Hitler, and the notion of a "new order" in Asia was proclaimed long before the "low countries" were invaded. What is more, it is now evident that Japanese leaders have long and carefully planned their course of empire and have systematically prepared for its execution. That we have here arrayed against us no strutting Mussolini at the head of a fragile Italian military machine, is quite as obvious. Let us not deceive ourselves about the magnificent stand of American and Philippine troops on the Bataan peninsula or about the equally magnificent qualities of General MacArthur's leadership. These things will go down as legends in the history of our armies, and justly so, but their effect upon the probable outcome of the Japanese campaign to the south is another story. With the fall of Singapore, their military significance still further diminishes. He would be a foolish optimist, who supposed that Java, Sumatra and Rangoon were not seriously threatened, or who did not realize that at least the northern coast of Australia and, beyond Burma, India are in jeopardy. It is a bold and masterly campaign that Japan has mapped out for herself, and to this minute it is succeeding with only incidental reverses or delays.

The strategy employed is, of course, not without weaknesses, or would not have been, had we been prepared to act with dispatch and in force. The positions assumed may, or may not remain permanently vulnerable in certain particulars, but it may be taken for granted that if Japanese forces are permitted to continue their present rate of progress (even with the losses they are suffering) until they establish themselves firmly throughout the East Indies, Malaya and Burma, to say nothing of the other possibilities, we shall find it a titanic task to go half way around

the world and dislodge them. It would be no mean feat for the combined forces of Britain and the United States should our fondest hopes about Hitler's defeat be realized within the year, although in the latter event it is to be hoped that the help of Russia would be forthcoming to make the task immeasurably easier. It certainly would be humiliating enough as well as unfortunate in other highly important respects for the "democracies" to find themselves presently in the position of owing their salvation on both fronts to Soviet Russia, but something of the sort is well within the realm of possibility.

Let it not be overlooked that in the Far East, outside of China, New Zealand, Australia, and possibly the Philippines, the question is not so much one of giving aid to native peoples in their struggles against an aggressor bent upon their enslavement, as it is one of a struggle between great powers, some occidental and one oriental, for control of territory mostly inhabited by myriads of unarmed natives, often backward and not always too much concerned with what is taking place. China has been and is doing remarkably well, all things considered, but her ability to continue indefinitely once the Burma road is cut, is another matter. The Australians and New Zealanders are not numerous enough and are without extended industrial equipment. They could not be expected to shoulder more than a moderate share of the burden of beating the Japanese back to their own doorsteps. As to the Filipinos, as surprisingly sturdy as has been their resistance, they can scarcely be counted upon heavily in the future. The white man's burden in Asia is the more grievous by reason of the immense distances he must travel to bear it, and it is this burden, though heretofore almost wholly the burden of the British Empire, that we have undertaken to bear in very large part. We are beginning to learn the difficulties entailed by a far-flung empire. We are destined to learn more of them in the months and years ahead.

The task is not beyond us if we are ready to pay the price and if we are wisely led. It would, however, be rather worse than foolish to suppose that we can perform it out-of-hand in a limited period of time. It would be equally foolish to suppose that we can perform it at all if at the same time we continue ceaseless experimentation in so-called social reform, insist upon the waste of resources and manpower in dilletantism and frivolity, conceived in an atmosphere of a fashionable tea party, and spend huge sums in an endeavor to bolster morale by shielding favored groups from sacrifices all others—and in the long run quite possibly the sheltered groups also—must endure. It is in light of these considerations as well as, possibly more than, a matter of budgetary management that the Washington policy of profligacy as usual is to be so greatly regretted. It is for these reasons that the recent OCD and related disclosures assume real importance—these and the fact they are symbolic of so much of a like sort that is taking place in Washington.

This war is a sombre business, and it is time we accorded it that status—all of us, including the reformers, the dilletantes, and the stage managers.

Urban Home Financing Near Five Billion

Urban home financing in the United States during 1941 amounted to nearly \$5,000,000,000—17% above 1940 and exceeding the 1939 total by 35%—economists of the Federal Home Loan Bank Board report. Savings and loan associations maintained their lead over all types of mortgage lenders during the year by accounting for more than 31% of the \$4,700,000,000 recordings of \$20,000 or less. Banks and trust companies were second with approximately 25% of the total, while individual lenders were third with about 17%. The Bank Board in its advices also said:

December mortgage recordings of \$392,000,000 were \$15,000,000, or 4% above those for November. It was pointed out that "the trend of mortgage financing has not followed the downward movement of new residential construction activity, which indicates the current shift in emphasis from construction lending to other forms of loan business."

Increasingly affected by ma-

terial shortages as existing inventories declined, new residential construction during December registered a drop of 32% from the level of December, 1940, and 44% from the peak of June, 1941. It was the sixth successive month the volume of new housing has declined, and the seasonally adjusted index stood at 133% of the average 1935-1939 period, the base taken by the Bank Board's Division of Research and Statistics as 100.

Figures reported by the U. S. Department of Labor show that building permits were issued during December for 16,324 privately financed dwelling units, a reduction of 8,100 from November. One- and two-family type of house construction sustained the least decrease, 17%, and apartment houses the greatest, 71%. During November this tendency was exactly the opposite. Housing provided by government funds registered a decline of 36% during December.

Commenting on the relationship of trends in building material costs and rentals, the Bank Board report said:

Materials prices, while continuing to rise through November and December, have not kept pace with the stimulated rental market. Although the difference between the current movements of building costs and rentals is not great in magnitude, it does represent a genuine reversal from the situation in the third quarter of 1941 when costs were rising very rapidly in the face of practically unchanged rentals for the country as a whole.

Following is a table on all 1941 non-farm mortgage recordings of \$20,000 and less, compiled by the Bank Board's Division of Research and Statistics in cooperation with Federal Home Loan Bank presidents, savings and loan officials, the American Title Association and the Mortgage Bankers' Association:

	Number	Amount	% of total amt.
Savings and loan assoc.	544,463	\$1,489,909,000	31
Insurance cos.	81,801	403,684,000	8
Banks & trust companies	352,299	1,165,435,000	25
Mut. sav. banks	55,845	218,494,000	5
Individuals	395,556	783,177,000	17
Other mtges.	198,443	671,261,000	14
Total	1,628,407	\$4,731,960,000	100

Money In Savings, Bldg. & Loan At Peak

The second largest volume of new money since July and the smallest volume of money withdrawn in any month since June characterized savings, building and loan association operations the last month preceding the country's entrance into war, the United States Savings and Loan League pointed out, Fernor S. Cannon, President of the League, said that the figures show that at least up until the end of November people buying defense bonds were not disturbing their existing savings very materially to do it. The League's announcement added:

The fact that many savings and loan associations are offering the bonds for sale over their counters just like their own share accounts, and that thus it would be extremely simple for people to withdraw their savings and put them in bonds if they wished to do so, is cited as further evidence, along with the figures, that already-accumulated funds have not been the usual source for Defense Bond buying. The League President emphasized that this is a healthy situation since the anti-inflationary effects of the bond program are achieved only when new savings are created by a bond purchase.

New money going into the associations from old and new investors in November totaled \$97,621,000, which is 19.1% greater than in November, 1940, Mr. Cannon said. While it was about 8.2% under October, it was more than \$1,000,000 greater than either August or September.

He pointed out that apparently an enormous volume of savings ability is developing out of the rising national income which in the main has gone up faster than the cost of living. Money has been coming into the associations at these large totals at the same time that defense bond buying by the people who take Series E bonds was increasing steadily in volume.

Withdrawals for various purposes for which people save money, from the down payment on a house to the settlement of some emergency expense, were 16.1% less in dollar volume than in October. The net gain in receipts for November was 3.4% greater than in the month before.

Items About Banks, Trust Companies

Arthur S. Kleeman, President of the Colonial Trust Company, of New York, announced on Feb. 9 that the New York State Banking Department had approved the application of the Colonial Trust Company to make its Rockefeller Center location, Sixth Avenue at 48th Street, the central office of the bank. Colonial thus becomes the only commercial bank in New York City which has its central office in Rockefeller Center.

The business of the Standard National Bank, located at 59-26 Woodside Avenue, Woodside, Long Island, which has served the Woodside community for over 15 years, has been absorbed into Manufacturers Trust Co. of New York. The arrangement became effective on Feb. 9th, when the bank began to function as the Woodside office of Manufacturers Trust Co. John J. Cunningham is manager in charge. Frederick W. Bruchhauser is the supervising Vice-President for all 23 offices of Manufacturers Trust Co. in Brooklyn and Queens. The Directors of the former Standard National Bank will serve as an Advisory Board for the Woodside office. The year-end statement of the Standard National Bank, it is stated, showed deposits of over \$5,000,000. The statement of condition of the Manufacturers Trust Co. appeared in our Jan. 8 issue, page 133. Manufacturers Trust Co. now has 63 banking offices in Greater New York.

Henry M. Weitzner, builder and contractor, has been chosen Chairman of the Board of the Trade Bank & Trust Co., New York City.

The Board of Directors of the Ossining Trust Co., Ossining, N. Y., announced on Feb. 5 the election of Harry C. White of White Plains as President. Mr. White has resigned as a Trust Officer of the Bank of the Manhattan Co., New York City, to accept the post. He succeeds Dr. William A. Ranney, who was prevented by the Clayton Act from serving the Ossining institution and also the First National Bank of Croton, of which he is President.

The Ossining Trust Co. also announces that William W. Post, Secretary-Treasurer of the County Trust Co., White Plains, has been elected a Director.

The Poughkeepsie Trust Co., Poughkeepsie, N. Y., was authorized by the State Banking Department on Jan. 29 to increase its capital stock from \$300,000 to \$525,000. The new capital set-up will consist of:

- (1) \$350,000 par value of preferred stock "A" divided into 70,000 shares of the par value of \$5 each; and
- (2) \$25,000 par value of preferred stock "B" divided into 2,500 shares of the par value of \$10 each; and
- (3) \$150,000 par value of common stock divided into 30,000 shares of the par value of \$5 each.

The Lincoln-Alliance Bank and Trust Co., Rochester, N. Y., has received permission from the State Banking Department to reduce its capital stock from \$5,360,000 to \$5,280,000. The new capital consists of 40,000 shares of convertible preferred stock of the par value of \$50 each and 164,000 shares of common stock of the par value of \$20 each. It is learned from the Banking Department's "Weekly Bulletin" of Jan. 30.

Myron O. Wilkins was elected Vice-President of the National Shawmut Bank of Boston on Jan. 29, at a meeting of the Board of Directors, the Boston "Herald" announced in its Jan. 30 issue. Mr. Wilkins has been associated

with the County Bank & Trust Co., Cambridge, for the last eight years, as Vice-President and Treasurer.

With expression of appreciation for his long period of faithful service, the Board of Directors of the First National Bank of Philadelphia, on Feb. 9, accepted the retirement of Alfred W. Wright, Assistant Cashier. On April 15th of last year, Mr. Wright, who started with the Centennial National Bank in 1866, ten years after the institution organized, completed 55 years in the employment of the First National Bank and the Centennial National Bank, which was merged with the First National in 1925. His retirement will be effective as of Feb. 28th.

Mr. Wright is President of the Montgomery County Board of Prison Inspectors, and Treasurer of the Board of the Pennsylvania Working Home for Blind Men. He is also a member of the Managing Committee of the George School at Newtown, Bucks County. Following his retirement from the First National, Mr. Wright plans to devote much of his time to civic and charitable activities.

R. P. Davis has again been re-elected head of the First National Bank of Conshohocken, Pa., a position he has held for the past ten years, the Philadelphia "Inquirer" announced on Jan. 31. He is 85 years of age. Spencer Jones was named First Vice-President on Jan. 30; A. A. Garthwaite, Second Vice-President; Donald P. Horsey, Executive President; Frederico F. Mauck, Solicitor; David M. Hayes, Cashier; Spencer L. Jones and Donald M. Horsey have become Assistant Trust Officers, and Miss Claudia Ramey, Assistant Cashier and Trust Officer.

The Ann Arbor Savings and Commercial Bank, Ann Arbor, Mich., has changed its title to Ann Arbor Bank.

The Directors of the Midland Bank Limited (head office London) report that, full provision having been made for all bad and doubtful debts and contingencies, the net profits for the year 1941 amount to £1,969,268 which, with £620,083 brought forward from the previous year, makes £2,589,351, out of which the following appropriations amounting to £1,256,345 have been made: To interim dividend, paid last July 15 for the half-year ended June 30 at the rate of 8% actual, less income tax, £606,345; to contingent account for war damage to bank premises, £250,000; to reserve for future contingencies, £500,000, leaving a sum of £1,233,026 from which the Directors recommend a dividend, payable Feb. 2, for the half-year ended Dec. 31, 1941, at the rate of 8% actual, less income tax, £306,345 and a balance of £926,681 to be carried forward to the current year's profit and loss account.

Beal Elected President Of Boston Clearing Ass'n

Thomas P. Beal, President of the Second National Bank of Boston, was elected President of the Boston Clearing House Association, at its annual meeting, the Boston "Herald" reported in its Jan. 21 issue. Mr. Beal has held this office several times in the past. Herbert E. Stone was re-elected Secretary of the Clearing House Association. Henry J. Nichols, Vice-President of the National Shawmut Bank, was elected Chairman of the Clearing House Committee.

Newly elected members were Samuel Wolcott and Robert B. Rugg. Other members were re-elected.

Property Rights Invaded Through Regulations On Private Property By Govt., Says Cadman

The right of private property ownership will survive in this country for many generations if the American people realize that this right is the foundation of their welfare and security, it was asserted on Feb. 3, by Dr. Paul F. Cadman, economist of the American Bankers Association, in an address delivered before the Mid-Winter Trust Conference of the American Bankers Association in New York. Mr. Cadman, who spoke on the subject "The Social Justification for the Rights of Private Property" stated that "living in and observing the social upheaval which has been in progress since the First World War, we recognize the extent to which property rights have been invaded." He went on to say:

It is not easy to appraise the changes which take place in a major revolution: analysis is colored by personal interest; faith is clouded by pessimism; and hope is obscured by anxiety. But from time to time, as we get an objective look at the picture, it is evident that we are in a property revolution, a phenomenon not at all common in the history of mankind. Ever since men began to live in organized groups, they have been rebelling against tyrannies, political, religious, and military. But they have rarely recognized property revolutions as such. Our own American Revolution raised virtually no problems of property; and strange as it may seem, the French Revolution touched property issues very lightly. But the Marxian rebellion which began with the publication of the Communist Manifesto nearly one hundred years ago, concerned itself primarily with property as a fundamental social institution.

Mr. Cadman pointed out that the change in the attitude toward property rights, which affects us most in the realm of taxation, begins to appear with our early experiments in progressive income taxes which came into practice as early as 1911. He continued:

From that time the tempo of change increases rapidly. The Federal income tax was adopted in 1913. The taxation of capital gains first became a law in the same year. Death taxes are as old as the Virginia colony which attempted to impose one in 1687, but it was not until 1885 that New York passed a death duty which produced a significant volume of revenue. Federal estate taxes were inaugurated in 1916. In the following year an excess profits tax was imposed as a war revenue measure. Payroll taxes appeared under the guise of Social Security in 1935. The undistributed profits tax was voted in 1936 and, although subsequently repealed, it is now again under discussion in Congress. For better or for worse, the tax trend is definitely toward the appropriation of private property under a collectivist conception.

The next group of evidence might be classified as regulation or the restrictions on the use of private property. The whole spirit in the program of control runs contrary to the general notion that the individual is free to use his property as he sees fit and conforms to the idea that property rights are social. Here again the movement derives from collectivist conceptions. The anti-trust laws; the interstate commerce laws; the public utility and Federal trade regulations, rest on the theory that all of the activities represented are "affected with a public interest." With the advent of the Securities and Exchange regulation in 1933, the employment of private property in the corporate forms, long regulated by state security commissions, came under the purview of the national government. In 1934 the marketing of these securities was regulated so as to

definitely control the rights of the individual to dispose of his property.

For a good many years the Supreme Court held that the regulation of wages and hours was an unconstitutional invasion of property rights. But in 1938 the Federal Government passed the Fair Labor Standards Act, which legislation was declared constitutional in 1941.

Control over production, restricting private property in natural resources, is illustrated by the Connally Act which in 1935, fixed production quotas in the oil industry; and by the Bituminous Coal Act of 1937.

"The next large classification of evidence," said Mr. Cadman, "might be called the bargaining power of labor." "Then," he said, "there is the body of evidence which can be designated as Government ownership. Here the Government may or may not enter into direct competition with private enterprise."

"But perhaps the most extensive evidence of the changing attitude toward property is in the field of finance," said Mr. Cadman, who further observed:

The financing of agriculture, private home ownership, rural electrification systems and appliances, is now generally practiced.

The Federal Deposit Insurance Corporation is partly owned and almost entirely operated by the government and the levy on the deposits of operating banks, although it is not called taxation, is in effect a charge on private property for the benefit of a collectivity; namely, the bank depositors of all banks.

Other forms of socializing which are less easy to catalogue, are unemployment and old age insurance, the large scale development of public works and various kinds of relief and rehabilitation. And although none of these can be classified as an invasion of property rights, they impose a direct cost on the owners of property, the full significance of which does not yet appear.

Taken individually, none of the items thus far enumerated is particularly startling. Indeed, most of us in this room subscribe to the belief that certain of these measures are socially justifiable. But taken in their entirety, they show an unmistakable trend away from the doctrine of natural rights; away from the generally accepted interpretation of constitutional rights, toward a point of view which can best be identified as collectivist; namely, that property should be owned and operated for the benefit of collectivity. Rehearsal of what has happened is only a part of the picture. We come now to plans and proposals for the further revolutionizing of the institution of private property.

Planning

A large number of individuals and organizations are now planning for the economic future which is to be built when peace is finally declared, and the astute observer can readily see in the tone, temper and direction of this planning, the emergence of collectivist thought. For better or for worse, wartime controls foreshadow the future more clearly than the theoretical programs.

The point to remember is

this: that it is by the distribution of purchasing power and the placing of orders under the direct decree of governments, rather than under the stimulation of profit, that these vast war machines are created. The whole train of influence which was heretofore inherent in private property is now transferred to government, where it is politically implemented through wages, hours, prices, the direction of output, credit, and all other instruments of enterprise. Actually, the necessities of war bring into being a degree of regulation and control which is terrifying in its similarity to the very totalitarianism against which we are making war.

But we were speaking of the proposals and plans, the direction of which is partially forecast in the wartime regime. What will the government do, when the war is over, with the excess plant and equipment which it is now financing through the process of borrowing—the huge munition plants, the factories and the additions to factories designed and constructed for special purposes; the expanded facilities for normal purposes, the cantonments, the airports and similar installations? To this question must be added two others, the answers to which will shed further light on the trends toward collectivism.

Mr. Cadman took cognizance of "the constant talk of a compulsory savings law, both for individuals and enterprise" and added:

But more striking than any of these, when the full force of analysis is applied, are the theories deriving from the ability of the government to create purchasing power through the utilization of bank credit. If we had a week, instead of an hour, it would be profitable to review the economic theories which have been exploited by wholesale experimentation, since the United States abandoned the gold standard. Pump-priming in all of its variations, the doctrine of the mature economy which firmly held that savings had gone out of style and which was finally completely deflated by the necessity for war savings; the doctrine of an unlimited Federal debt, the size of which is said to be unimportant because "we owe it to each other"; the recently announced proposals for international pump-priming and the whole body of financial wizardry which might well be characterized as the doctrine of the inexhaustible Treasury—in this body of theory more than in any other is the clear indication of the changing conceptions of private property.

In conclusion Mr. Cadman said.

As a people we are fully ready to accept the restrictions on the exploitation of our fellow men but we are not ready for government ownership; we have no faith in bureaucracy; we do not believe that wealth can be created by decree; and we are far from ready to accept the dictates of a "super-state, managing and directing the production and distribution of our wealth.

Democracy is essentially a slow process; it is cumbersome, expensive, and often inefficient. But this far in history it is the only way of life which has made possible the enjoyment of human freedom. It will survive here for many generations, despite every adverse symptom, if and as the American people realize that the right to possess and to enjoy and to bequeath is the principal source of the welfare and the security which they so much desire. The incentive, harnessed to the love of liberty, is the social justification of private property. It

forms the basis of individual and collective solvency; it underlies the individual and national character which are identified in the term "responsibility." This institution is worth saving and it is high time that we come to its defense.

Congress Votes China Loan; FDR Pledges Aid

President Roosevelt's request to Congress on Feb. 2 to authorize a \$500,000,000 loan to China for the purpose of rendering financial aid was passed unanimously by the House on Feb. 4 and by the Senate on Feb. 5 and has now become law. In a message sent to Generalissimo Chiang Kai-shek on Feb. 7, the President said that the "unusual speed and unanimity" with which the measure was acted upon by the Congress and the support it received throughout the country "testify to the whole-hearted respect and admiration which the government and people of this country have for China" and also testify to this country's "desire and determination to be concretely helpful to our partners in the great battle for freedom." Praising the "gallant resistance" of the Chinese armies, Mr. Roosevelt expressed the hope that the use which will be made of the funds "will contribute substantially toward facilitating the efforts of the Chinese Government and people to meet the economic and financial burdens which have been thrust upon them by an armed invasion and toward solution of problems of production and procurement which are essential for the success of their armed resistance to what are now our common enemies."

In his request to the Congress on Feb. 2 for the \$500,000,000 fund, the President said that such additional assistance "would serve to strengthen China's position as regards both her internal economy and her capacity in general to function with great military effectiveness in our common effort." His communication to Congress was addressed to Vice-President Wallace and Speaker of the House Rayburn. In his letter the President said:

"Responsible officials both of this government and of the government of China have brought to my attention the existence of urgent need for the immediate extension to China of economic and financial assistance, going beyond in amount and different in form from such aid as Congress has already authorized."

I believe that such additional assistance would serve to strengthen China's position as regards both her internal economy and her capacity in general to function with great military effectiveness in our common effort.

I urge, therefore, the passage by Congress of appropriate legislation to this effect and attach hereto a suggested draft of a joint resolution which will accomplish this purpose.

Foreign Affairs groups of the House and Senate approved the measure on Feb. 3 and 5, respectively, after hearing urgent requests from Secretary of the Treasury Morgenthau, Secretary of War Stimson, Secretary of the Navy Knox and Assistant Secretary of State Breckenridge Long. Without debate or record vote, the House on Feb. 4 passed the measure and the Senate on Feb. 5 completed legislative action.

The text of the President's message to the Chinese leader, who was addressed as President of the Executive Yuan and Chairman of the military affairs committee at Chungking, read as follows:

It is a source of great gratification to me and to the government and people of the United States that the proposal which I made to the Congress that there be authorized for the

purpose of rendering financial aid to China in the sum of \$500,000,000 was passed unanimously by both the Senate and the House of Representatives and has now become law.

The unusual speed and unanimity with which this measure was acted upon by the Congress and the enthusiastic support which it received throughout the United States testify to the whole-hearted respect and admiration which the government and people of this country have for China. They testify also to our earnest desire and determination to be concretely helpful to our partners in the great battle for freedom.

The gallant resistance of the Chinese armies against the ruthless invaders of your country has called forth the highest praise from the American and all other freedom-loving peoples. The tenacity of the Chinese people, both armed and unarmed, in the face of tremendous odds in carrying on for almost five years a resolute defense against an enemy far superior in equipment is an inspiration to the fighting men and all the peoples of the other United Nations.

The great sacrifices of the Chinese people in destroying the fruits of their toil so that they could not be used by the predatory armies of Japan exemplify in high degree the spirit of sacrifice which is necessary on the part of all to gain the victory toward which we are confidently striving.

It is my hope and belief that use which will be made of the funds now authorized by the Congress of the United States will contribute substantially toward facilitating the efforts of the Chinese Government and people to meet the economic and financial burdens which have been thrust upon them by an armed invasion and toward solution of problems of production and procurement which are essential for the success of their armed resistance to what are now our common enemies.

I send you my personal greetings and best wishes. I extend to you across land and sea the hand of comradeship for the common good, the common goal, the common victory that shall be ours.

Announcement was made in London on Feb. 2 that the British Government is prepared to lend China \$50,000,000 (about \$200,000,000) and that it is also willing to make available to China any munitions and military equipment which it is possible for Britain to supply.

Chicago Home Loan Bank Mortgage Recordings Off

Some tapering off of the wave of home-owner borrowing from all sources in Illinois and Wisconsin which reached its 1941 crest in October was noted in November figures made available on Feb. 2 by the Federal Home Loan Bank of Chicago. The \$31,388,000 worth of home mortgages recorded the last month before the war, however, was still 25.9% greater than in November of the previous year, so that the margin of increase over 1940 which had been characteristic throughout the year was maintained through November. A. R. Gardner, President of the Chicago Bank, said that in the Chicago district in November approximately 9,467 individuals borrowed on mortgages of \$20,000 or under, all liens of this size being arbitrarily classed as home loans, and this is the largest number of November borrowers in the three years during which these figures have been kept. The estimates are based on actual mortgage recordings reported by 77% of the population of Illinois and Wisconsin.

Supreme Court Rejects New York's Claims To Russian Funds; Upholds U. S. Govt. Claim

On Feb. 2 the United States Supreme Court reversed a decision of the New York State Court of Appeals rejecting the Federal Government's claim to assets of the defunct First Russian Insurance Co. in favor of claims of the New York State Insurance Department. The United Press accounts from Washington on Feb. 2, from which we quote, further said:

The 5 to 2 decision, delivered by Justice William O. Douglas, upheld the Act of the Federal Government in gaining possession of the properties under the 1933 Litvinov agreement providing U. S. recognition of the Soviet Union.

The Russian insurance firm ceased operating in 1918 when the Soviet government nationalized the insurance business and confiscated its assets. Under the Litvinov agreement, the Federal Government reserved the right to participate in distribution of the \$1,000,000 assets of the American branch.

Stating that the principal issue was whether the Soviet government's confiscation decree was valid in New York, Justice Feb. 2 to the New York "Times" from Washington added:

The court held by five to two that it was, with Associate Justices Reed and Robert H. Jackson not participating.

Associate Justice William O. Douglas, in the majority opinion, declared that the previous decisions of New York courts holding the Russian nationalization decree invalid there, constituted a refusal by New York to recognize acts of the Soviet government "which the United States by its policy of recognition agreed no longer to question."

On Feb. 4 an order was served on the New York State Insurance Department, returnable on Feb. 11 in the Supreme Court of New York County, Special Term, Part 1, to show cause why the Superintendent of Insurance should not be restrained from paying out any funds of the New York branch of the First Russian Insurance Company until there are further proceedings.

This action followed the Supreme Court decision, it was noted in the Feb. 5 issue of the "Times" from which we also quote:

Domestic creditors were paid in full many years ago, leaving \$1,335,000 surplus assets. Although the Insurance Department had "frozen" the funds, the New York State Courts had compelled it to recognize the claims of foreign creditors against the first Russian Insurance Company. During the proceedings the Soviet recognition came, followed by the assertion of the Federal Government's rights to the surplus funds of the company by virtue of the assignment.

While the principal of assignment to the United States Government does not apply in the case of foreign insurance company assets taken over by the State Insurance Department in recent months, it was expected in insurance circles that as soon as the comparatively minor claims of domestic creditors have been settled, in accordance with State laws, the Federal Government will seek the custody of surplus assets by virtue of the foreign ownership of such companies.

Ultimate disposal of the surplus assets probably will not be settled in many cases until treaties of peace have been entered into with the countries whose nationals own such insurance assets.

Treasury Seeks Cash

The Treasury is expected to offer tomorrow (Feb. 13) \$1,500,000,000 of securities to the public in order to raise new money for war expenditures. It is said that this will probably be the last new

money financing operation until April since March income tax receipts and the sale of Defense Savings Bonds are likely to provide sufficient new money to cover up to that time. The last new money financing by the Treasury took place early in December when over \$1,500,000,000 of 2½% bonds of 1967-72 and 2% bonds of 1951-55 were issued. In January the Treasury confined itself to re-financing a maturing note issue and three corporate issues.

Pres. Signs Bill For Civil Raid Defense

President Roosevelt signed on Jan. 27 the bill authorizing an appropriation to the amount of \$100,000,000 to enable the Office of Civilian Defense to provide facilities, supplies and services for the adequate protection of persons and property from bombing attacks, sabotage or other war hazards. Final Congressional action on this measure came on Jan. 19 when the Senate and the House approved a conference report. The House's action amounted to a reversal of its previous position, since it had voted on Jan. 8 to place the responsibility for directing civilian defense protection under the War Department. House adoption of the Conference report on Jan. 19 came after the rejection, by a vote of 167 yeas to 172 nays of a motion to recommend the Conference report to the House Managers with instructions to insist on the House provisions relating to the jurisdiction of the War Department.

The Civilian Defense post has been directed by Mayor F. H. La Guardia of New York City and proponents of War Department control maintained that Mr. La Guardia could not handle two major posts effectively. Since the original House consideration of the bill, President Roosevelt has named James M. Landis as Executive Director of the OCD.

Mr. La Guardia on Feb. 10 relinquished command of the OCD, explaining in his letter to the President that "the original assignment of organizing this office is now completed." He also told the President that he awaited "any order from you to serve in any capacity for the defense of our country." President Roosevelt said after accepting the resignation that he would name Mr. Landis as the Mayor's successor, who will have full authority.

The Senate had voted on Dec. 19 to authorize unlimited funds for the OCD but agreed to the \$100,000,000 limitation when the House receded from its disagreement on the issue of OCD administration.

According to Washington advices Jan. 22 to the New York "Times" the President requested that the \$100,000,000 fund remain available until June 30, 1943, and that not more than \$3,000,000 of the total be used for all administrative and personnel services in the District of Columbia. The same advices stated:

The money, the President brought out, would be employed in providing facilities, supplies and services, to include research, and in the development of adequate protection of persons and property from bombing attacks, sabotage or other war hazards, in such localities in the United States, its territories and possessions, as might be in need of such protection but unable to provide it themselves.

NYSE Short Interest Higher On January 31

The New York Stock Exchange announced on Feb. 6 that the short interest existing as of the close of business on the Jan. 30 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 460,577 shares, compared with 349,154 shares on Dec. 31, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Jan. 30 settlement date, the total short interest in all odd-lot dealers' accounts was 85,717 shares, compared with 61,705 shares, on Dec. 31.

The announcement of the Exchange further stated:

Of the 1,237 individual stock issues listed on the Exchange on Jan. 30, there were 31 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

The number of issues in which a short interest was reported as of Jan. 30, 1942, exclusive of odd-lot dealers' short position, was 433, compared with 397 on Dec. 31, 1941.

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1940—	
Feb. 28	485,862
Mar. 28	488,815
Apr. 29	530,594
May 31	428,132
June 28	446,957
July 31	479,243
Aug. 30	474,033
Sept. 30	517,713
Oct. 31	530,442
Nov. 29	515,543
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577

Treasury Puts Employees On a 44-Hour Week

The Treasury Department announced recently that, effective Jan. 26, it would require five additional hours' work each week from its clerical employees, stepping up the present schedule of 39 hours per week, exclusive of the luncheon period, to a 44-hour basis. As a result, one additional hour of duty will be required from Monday through Friday, with the prevailing four hours of duty on Saturday left undisturbed. The Treasury Department advices added:

The new order affects all clerical, professional, and sub-professional employees of the Treasury Department, in both the departmental and field services, but in view of the fact that the Bureau of Engraving and Printing and the United States Mint and other institutions of the Mint Service are already operating to a large extent on three 8-hour shifts each day, the new order will not apply to these plants.

1941 Cotton Loans

The Department of Agriculture reported that Commodity Credit Corporation had made 1,055,482 loans on 2,019,355 bales of 1941 crop cotton through Jan. 31, 1942. Of the total, 107,169 loans on 393,456 bales were made by cooperative associations. Loans were repaid on 79,762 bales.

"Combined Chiefs Of Staff Group" Set Up

The War Department announced on Feb. 6 the establishment of the "combined chiefs of staff group," made up of high ranking officials of the United States and Great Britain and designed to "insure complete coordination of the war effort of these two nations" and collaboration with other governments of the United Nations. This group, it is explained, will be the "control agency for planning and coordinating" and will "provide a medium for adjusting such joint operations as involve" others of the United Nations.

President Roosevelt also announced on Feb. 6 that Pacific councils had been operating for about a month in both Washington and London and were handling questions of both a military and political nature. He told his press conference that questions of a purely military nature are referred to army and navy chiefs of staff while those of a governmental or political character are laid before the appropriate governmental bodies in Washington and in London. He added that in the ABDA areas (American-British-Dutch-Australian) the military command is in the hands of General Sir Archibald Wavell of Britain. The President further said that General Wavell would make decisions on tactical problems, while broader strategic matters would be referred to Washington and London.

Announcement was made in London on Feb. 9 that a Pacific council has been set up on a ministerial plane, with representatives of Australia, Great Britain, the Netherlands and New Zealand on the council.

The text of the War Department's statement of Feb. 6, follows:

The "combined chiefs of staff group" has been established by the United States and Great Britain to insure complete coordination of the war effort of these two nations, including the production and distribution of their war supplies, and to provide for full British and American collaboration with the United Nations now associated in prosecution of the war against the Axis powers. The combined chiefs of staff as representatives of the United States and British military and naval effort, have two principal subdivisions—one is of the United States chiefs of staff, the other the British chiefs of staff.

United States membership of the combined chiefs of staff consists of:

Admiral Harold R. Stark, chief of naval operations.

General George C. Marshall, chief of staff, United States Army.

Admiral E. J. King, commander in chief, United States Fleet.

Lieut. Gen. H. H. Arnold, chief of Army air forces.

The British chiefs of staff are represented in Washington by: Field Marshal Sir John Dill (until recently chief of staff of the Imperial general staff).

Admiral Sir Charles Little.

Lieut. Gen. Sir Colville Wemyss.

Air Marshal A. T. Harris.

They are in constant communication with Admiral Sir Dudley Pound, General Sir Alan Brooke, and Air Chief Marshal Sir Charles Portal, the British chiefs of staff in London.

Brig. Gen. W. B. Smith, formerly Secretary of the War Department general staff, has been designated as United States Secretary of the combined chiefs of staff and also as Secretary for the joint board, and for many other boards and agencies established

by the United States War and Navy Departments to insure coordination and unity in major strategic direction and military operations. General Smith's staff of assistants, initially about eight officers, will be selected from officers of the United States Army and United States Navy.

The British Secretary of the combined chiefs of staffs will be Brigadier V. Dykes, who served for some years as the Secretary of the Committee of Imperial Defense and War Cabinet in London. He will be assisted by officers of the British Navy, Army, and Royal Air Force.

While the action of the combined chiefs of staff on broad strategic questions will be in the form of joint recommendations to the heads of their respective governments, in minor and immediate matters relating to current operations they are prepared to take action without delay. The setup therefore amounts to a combined command post for the conduct of all joint operations of the two governments in the war. It will be the control agency for planning and coordinating.

In addition, it will provide a medium for adjusting such joint operations as involve other governments of the United Nations, such as China, the Netherlands East Indies, Australia and New Zealand at the present moment. The representatives of these governments will participate with the combined Chiefs of Staff in the consideration of matters concerning their national interests.

The organization described is being established in the Public Health Building on Constitution Avenue, directly opposite the War Department.

In addition, a most important factor in this setup will be the Munitions Assignments Board, of which Mr. Harry Hopkins is the Chairman, and Major Gen. James H. Burns, the executive, and which has its counterpart in London, both with British and United States membership. These proposals of these committees will be submitted to the combined Chiefs of Staff for their recommendation to the heads of their governments.

Mr. Hopkins' Committee will also be established in the Public Health Building. In the same building will be representatives of the central agency to allocate shipping and of the agency to allocate raw material. Officers of other governments of the United Nations will be established in the same building.

The three combined boards handling materials, munitions and shipping, referred to above, were discussed in these columns of Feb. 5, page 572.

\$110 Billion Debt Limit

Secretary of the Treasury Morgenthau revealed on Feb. 9 that he will soon ask Congress to either raise the national debt limit from its present \$65,000,000,000 to \$110,000,000,000 or to remove it altogether. The estimated total gross debt outstanding as of Jan. 31 was slightly more than \$60,000,000,000 and in view of rapidly rising war expenditures it is expected that the present limit will soon be reached. In his budget message to Congress in January, President Roosevelt estimated that at the end of June, 1943, the public debt would approximate \$110,000,000,000.

The national debt limit was raised in 1940 from \$45,000,000,000 to \$49,000,000,000 in order to provide for issuance of \$4,000,000,000 of short-term defense obligations, and in February, 1941 the present limit of \$65,000,000,000 became effective.

Upholds U. S. Right To Regulate Milk

The right of the Federal Government to regulate intrastate trade if it competes with interstate traffic was upheld by the United States Supreme Court on Feb. 2. Specifically, said the Associated Press, the Court upheld unanimously an order by the Secretary of Agriculture under the 1937 marketing agreement act fixing minimum prices for milk produced and sold entirely within Illinois. The tribunal took this stand, said the advices from which we quote, because the product competed in Chicago with milk from outside the State, the price of which was regulated.

The decision which was given in the case of the Wrightwood Dairy Co. of Chicago upset a ruling by the Seventh Circuit Court, which had held the company exempt from milk marketing regulations prescribed by the Secretary of Agriculture, because all of its operations were confined to Illinois. The decision, said Washington advices Feb. 2 to the New York "Times," will affect similar milk marketing agreements in some 20 other areas; the "Times" account went on to say:

The Wrightwood concern had obtained an injunction freeing it from application of regulations arranged for the Chicago milk marketing area, which includes parts of Illinois and Indiana, on the ground, as said, that its operations were solely intrastate and therefore immune from Federal regulation.

Chief Justice Stone, arguing that Congress had every power to regulate the price of milk distributed in interstate commerce, added that the Government further "possesses every power to make that regulation effective." The commerce power, he went on, is not confined to regulation of commerce among States.

"It extends," he added, "to those activities which affect interstate commerce . . . as to make regulation of them appropriate means to the attainment of a legitimate end, the effective execution of the granted power to regulate interstate commerce. No form of State activity can constitutionally thwart the regulatory powers granted by the commerce clause to Congress. Hence the reach of that power extends to those intrastate activities which in a substantial way interfere with or obstruct the exercise of the granted power."

"The marketing of intrastate milk which competes with that shipped interstate would tend seriously to break down price regulation of the latter. We think it clear that Congress conferred upon the Secretary authority to regulate the handling of intrastate products which by reason of its competition with the handling of interstate milk so affects that commerce as substantially to interfere with its regulation by Congress."

The Associated Press stated:

Counsel for the dairy argued that the Attorney-General's construction of the Act of 1937 "would enable the Federal Government to control every enterprise, every occupation and every activity of the people merely by showing that the product involved is in competition with similar products which cross State lines."

An earlier reference to the Wrightwood Dairy Co. case appeared in these columns Feb. 17, 1940, page 1071.

Ala. Health Law Held Invalid In Butter Case

A ruling by the United States Supreme Court on Feb. 2 it was held that Alabama cannot enforce its State health law in connection with the manufacture there of "renovated" butter. The Associated Press, in reporting this, said:

The State considered this butter an adulterated food, but was told to keep hands off because the Federal Government had stepped into this regulatory field.

The ruling was rendered in a 5-to-4 decision. The majority opinion was written by Justice Reed. Chief Justice Stone and Justices Frankfurter, Murphy and Byrnes dissented.

According to the Washington advices to the New York "Times" the Cloverleaf Butter Co. of Birmingham, Ala., argued that, being licensed under the Federal Renovated Butter Act, this law stopped the Alabama officials from seizing butter being shipped to its plant for inspection.

Justice Reed held that where the Government used its power of legislation as to conflict with a State regulation, "State legislation becomes inoperative and the Federal legislation exclusive" in its application. The "Times" likewise said:

Deciding that the Alabama laws did conflict with the Federal plan, he added:

"Congress hardly intended the intrusion of another authority during the very preparation of a commodity subjected to the continuous surveillance and comprehensive specifications of the Department of Agriculture. To uphold the power of the State of Alabama to condemn the material in the factory while it was under Federal observation and while Federal enforcement deemed it wholesome would not only hamper the administration of the Federal Act but would be inconsistent with its requirements."

Regarding the dissenting views the Associated Press said:

In a dissenting opinion, Chief Justice Stone declared that the majority opinion "appears to me to depart radically from the salutary principle that Congress, in enacting legislation within its constitutional authority, will not be deemed to have intended to strike down a State statute designed to protect the health and safety of the public unless the State Act . . . conflicts with the Act of Congress or plainly and palpably infringes its policy."

The Chief Justice contended that the Department of Agriculture had never sought to remove the State's right to inspect the butter and that the Federal law did not remove this power from the States.

Justice Frankfurter, in a separate opinion agreeing with Chief Justice Stone's dissent, asserted: "If ever there was an intrusion by this Court into a field that belongs to Congress and which it has seen fit not to enter, this is it. And what is worse the decision is purely destructive legislation—the Court takes power away from the States but is of course unable to transfer it to the Federal Government."

1941 Wheat Loans

The Department of Agriculture reports that through Jan. 24, 1942, Commodity Credit Corporation made 510,478 loans on 353,150,760 bushels of 1941 wheat in the amount of \$346,929,044. The wheat under loan includes 116,360,948 bushels stored on farms and 236,789,812 bushels stored in public warehouses. Loans to the same date last year had been made on 277,961,302 bushels.

Favorable Outlook For U. S. Sugar Production

An increase in the production of sugar in the United States is hoped for this year since the unprecedented distribution of sugar in 1941 reduced the "ever-normal granary" sugar supply by more than 1,000,000 tons, and because of the anticipated curtailment in sugar supplies from some of the offshore areas, Secretary of Agriculture Claude R. Wickard said on Jan. 29. Although production in the offshore areas of this hemisphere is expected to increase, says the Department's advices, supplies for this market from this source are expected to be reduced because of the sugar needs of our Allies, and because of the utilization of large quantities of sugarcane for industrial alcohol for the manufacture of explosives and other war materials.

Higher sugar prices, increased Government payments, and the absence of any limitations on production of sugar beets and sugarcane should result in expanded production, the Secretary said.

In further indicating the sugar policy, the Agriculture Department said:

Wholesale refined sugar prices, under the price ceilings fixed by the Office of Price Administration, are approximately \$1 per hundredweight higher than the average of the period 1938-1940. The base rate of conditional payments to domestic sugar producers has been increased 33 1/3%, or from 60 cents to 80 cents per 100 pounds of sugar under legislation recently approved by the President extending the Sugar Act of 1937 for another three years.

On the basis of present sugar prices and the increased conditional payments, sugar beet producers should average between \$8.50 and \$9.25 per ton of beets on their 1942 crop, compared with an average of \$6.75 from the 1938, 1939, and 1940 crops. The returns of Louisiana sugarcane growers, which are further augmented as a result of their sharing in the increased income from the sale of blackstrap molasses, are expected to average between \$5.20 and \$5.60 per ton of sugarcane, compared with an average of \$3.75 on the last three crops marketed. It is anticipated that the income of independent growers in Florida will increase from an average of \$4.25 per ton of cane from the last three crops sold to approximately \$6 per ton.

During the past four years, the average production of the domestic beet sugar area has been approximately 1,758,000 tons, raw value, with an all-time record production of 1,894,000 tons in 1940. The mainland cane area has averaged approximately 463,000 tons annually during this period, a record production of 583,000 tons having been reached in 1938.

U. S. Credit To Bolivia

The signing of an agreement between the United States and Bolivia for a \$25,000,000 Bolivian development program announced on Jan. 28 in Rio de Janeiro, Brazil, where the Inter-American Conference of Foreign Ministers was held. The Associated Press reported as follows:

A Bolivian development corporation is to be set up with a \$10,000,000 credit from the Export-Import Bank at Washington. Its first big project is expected to be construction of a 225-mile highway from Cochabamba to Santa Cruz, linking Bolivia's agricultural and mining centers.

The announcement said plans for such a development were under way and that a United States economic mission already was in Bolivia.

Text Of Emergency Price Control Act Of 1942

We are making room here for the text of the measure enacted under the title of the "Emergency Price Control Act of 1942, which became a law on Jan. 30, the date of its signing by President Roosevelt. Various references have appeared in these pages regarding the Congressional action on this bill, two of which were given in our Feb. 5 issue; on page 566 of that issue we published the statement issued by the President with the signing of the bill in which he expressed his doubts "as to the wisdom and adequacy of certain sections of the Act," and stated that "amendments to it may become necessary as we move ahead;" at the same time he said that "the enactment of price control legislation does not mean that the battle against inflation has been won;" also in our Feb. 5, page 584, detailed reference was made to the final Congressional action on the measure, brief mention of which appeared in our Jan. 27 issue, page 440. The text of the new Act follows:

[Public Law 421—77th Congress]
[Chapter 26—2d Session]
[H. R. 5990]

AN ACT

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Title I—General Provisions And Authority Purposes; Time Limit; Applicability

Section 1. (a) It is hereby declared to be in the interest of the national defense and security and necessary to the effective prosecution of the present war, and the purposes of this Act are, to stabilize prices and to prevent speculative, unwarranted, and abnormal increases in prices and rents; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; to assure that defense appropriations are not dissipated by excessive prices; to protect persons with relatively fixed and limited incomes, consumers, wage earners, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; to prevent hardships to persons engaged in business, to schools, universities, and other institutions, and to the Federal, State, and local governments, which would result from abnormal increases in prices; to assist in securing adequate production of commodities and facilities; to prevent a post emergency collapse of values; to stabilize agricultural prices in the manner provided in section 3; and to permit voluntary cooperation between the Government and producers, processors, and others to accomplish the aforesaid purposes. It shall be the policy of those departments and agencies of the Government dealing with wages (including the Department of Labor and its various bureaus, the War Department, the Navy Department, the War Production Board, the National Labor Relations Board, the National Mediation Board, the National War Labor Board, and others heretofore or hereafter created), within the limits of their authority and jurisdiction, to work toward a stabilization of prices, fair and equitable wages, and cost of production.

(b) The provisions of this Act, and all regulations, orders, price schedules, and requirements thereunder, shall terminate on June 30, 1943, or upon the date of a proclamation by the President, or upon the date specified in a concurrent reso-

lution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this Act is not necessary in the interest of the national defense and security, whichever date is the earlier; except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this Act and such regulations, orders, price schedules, and requirements shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

(c) The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

Prices, Rents, and Market and Renting Practices

Sec. 2. (a) Whenever in the judgment of the Price Administrator (provided for in section 201) the price or prices of a commodity or commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this Act, he may by regulation or order establish such maximum price or maximum prices as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum price, the Administrator shall ascertain and give due consideration to the prices prevailing between Oct. 1 and Oct. 15, 1941 (or if, in the case of any commodity, there are no prevailing prices between such dates, or the prevailing prices between such dates are not generally representative because of abnormal or seasonal market conditions or other cause, then to the prices prevailing during the nearest two-week period in which, in the judgment of the Administrator, the prices for such commodity are generally representative), for the commodity or commodities included under such regulation or order, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability, including the following: Speculative fluctuations, general increases or decreases in costs of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the commodity or commodities, during and subsequent to the year ended Oct. 1, 1941. Every regulation or order issued under the foregoing provisions of this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order. As used in the foregoing provisions of this subsection, the term "regulation or order" means a regulation or order of general applicability and effect. Before issuing any regulation or order under the foregoing provisions of this subsection, the Administrator shall, so far as practicable, advise and consult with representative members of the industry which will be affected by such regulation or order. In the case of any commodity for which a maximum price has been established, the Administrator shall, at the request of any substantial portion of the industry subject to such maximum price, regulation, or order of the Administrator, appoint an industry advisory committee, or committees, either national or regional

or both, consisting of such number of representatives of the industry as may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be. The committee shall select a chairman from among its members, and shall meet at the call of the chairman. The Administrator shall from time to time, at the request of the committee, advise and consult with the committee with respect to the regulation or order, and with respect to the form thereof, and classifications, differentiations, and adjustments therein. The committee may make such recommendations to the Administrator as it deems advisable. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, without regard to the foregoing provisions of this subsection, issue temporary regulations or orders establishing as a maximum price or maximum prices the price or prices prevailing with respect to any commodity or commodities within five days prior to the date of issuance of such temporary regulations or orders; but any such temporary regulation or order shall be effective for not more than 60 days, and may be replaced by a regulation or order issued under the foregoing provisions of this subsection.

(b) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he shall issue a declaration setting forth the necessity for, and recommendations with reference to, the stabilization or reduction of rents for any defense-area housing accommodations within a particular defense-rental area. If within 60 days after the issuance of any such recommendations rents for any such accommodations within such defense-rental area have not in the judgment of the Administrator been stabilized or reduced by State or local regulation, or otherwise, in accordance with the recommendations, the Administrator may by regulation or order establish such maximum rent or maximum rents for such accommodations as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum rent for any defense-area housing accommodations, the Administrator shall ascertain and give due consideration to the rents prevailing for such accommodations, or comparable accommodations, on or about April 1, 1941 (or if, prior or subsequent to April 1, 1941, defense activities shall have resulted or threatened to result in increases in rents for housing accommodations in such area inconsistent with the purposes of this Act, then on or about a date [not earlier than April 1, 1940], which in the judgment of the Administrator, does not reflect such increases), and he shall make adjustments for such relevant factors as he may determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes and other costs. In designating defense-rental areas, in prescribing regulations and orders establishing maximum rents for such accommodations, and in selecting persons to administer such regulations and orders, the Administrator shall, to such extent as he determines to be practicable, consider any recommendations which may be made by State and local officials concerned with housing or rental conditions in any defense-rental area.

(c) Any regulation or order under this section may be estab-

lished in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this Act. Any regulation or order under this section which establishes a maximum price or maximum rent may provide for a maximum price or maximum rent below the price or prices prevailing for the commodity or commodities, or below the rent or rents prevailing for the defense-area housing accommodations, at the time of the issuance of such regulation or order.

(d) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices (including practices relating to changes in form or quality) or hoarding, in connection with any commodity, and speculative or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession) in connection with any defense-area housing accommodations, which in his judgment are equivalent to or are likely to result in price or rent increases, as the case may be, inconsistent with the purposes of this Act.

(e) Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor, or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof: *Provided*, That in the case of any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, such determinations shall be made by the Federal Loan Administrator, with the approval of the President, and, notwithstanding any other provision of this Act or of any existing law, such commodity may be bought or sold, or stored or used, and such subsidy payments to domestic producers thereof may be paid, only by corporations created or organized pursuant to such section 5d; except that in the case of the sale of any commodity by any such corporation, the sale price therefor shall not exceed any maximum price established pursuant to subsection (a) of this section which is applicable to such commodity at the time of sale or delivery, but such sale price may be below such maximum price or below the purchase price of such commodity, and the Administrator may make recommendations with respect to the buying or selling, or storage or use, of any such commodity. In any case in which a commodity is domestically produced, the powers granted to the Administrator by this subsection shall be exercised with respect to importations of such commodity only to the extent that, in the judgment of the Administrator, the domestic production of the commodity is not sufficient to satisfy the demand therefor. Nothing in

this section shall be construed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended, and nothing in this section, or in any existing law, shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended, or to authorize the Administrator to prohibit trading in any agricultural commodity for future delivery if such trading is subject to the provisions of the Commodity Exchange Act, as amended.

(f) No power conferred by this section shall be construed to authorize any action contrary to the provisions and purposes of section 3, and no agricultural commodity shall be sold within the United States pursuant to the provisions of this section by any governmental agency at a price below the price limitations imposed by section 3 (a) of this Act with respect to such commodity.

(g) Regulations, orders, and requirements under this Act may contain such provisions as the Administrator deems necessary to prevent the circumvention or evasion thereof.

(h) The powers granted in this section shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this Act.

(i) No maximum price shall be established for any fishery commodity below the average price of such commodity in the year 1941.

Agricultural Commodities

Sec. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below the highest of any of the following prices, as determined and published by the Secretary of Agriculture: (1) 110 per centum of the parity price for such commodity, adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or, in case a comparable price has been determined for such commodity under subsection (b), 110 per centum of such comparable price, adjusted in the same manner, in lieu of 110 per centum of the parity price so adjusted; (2) the market price prevailing for such commodity on Oct. 1, 1941; (3) the market price prevailing for such commodity on Dec. 15, 1941; or (4) the average price for such commodity during the period July 1, 1919, to June 30, 1929.

(b) For the purposes of this Act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law. In the case of any agricultural commodity other than the basic crops corn, wheat, cotton, rice, tobacco, and peanuts, the Secretary shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

(c) No maximum price shall be established or maintained for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in subsection (a).

(d) Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect

the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act.

(e) Notwithstanding any other provisions of this or any other law, no action shall be taken under this Act by the Administrator or any other person with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture; except that the Administrator may take such action as may be necessary under section 202 and section 205 (a) and (b) to enforce compliance with any regulation, order, price schedule or other requirement with respect to an agricultural commodity which has been previously approved by the Secretary of Agriculture.

(f) No provision of this Act or of any existing law shall be construed to authorize any action contrary to the provisions and purposes of this section.

Prohibitions

Sec. 4. (a) It shall be unlawful, regardless of any contract, agreement, lease, or other obligation heretofore or hereafter entered into, for any person to sell or deliver any commodity, or in the course of trade or business to buy or receive any commodity, or to demand or receive any rent for any defense-area housing accommodations, or otherwise to do or omit to do any act, in violation of any regulation or order under section 2, or of any price schedule effective in accordance with the provisions of section 206, or of any regulation, order, or requirement under section 202 (b) or section 205 (f), or to offer, solicit, attempt, or agree to do any of the foregoing.

(b) It shall be unlawful for any person to remove or attempt to remove from any defense-area housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this Act or any regulation, order, or requirement hereunder.

(c) It shall be unlawful for any officer or employee of the Government, or for any adviser or consultant to the Administrator in his official capacity, to disclose, otherwise than in the course of official duty, any information obtained under this Act, or to use any such information, for personal benefit.

(d) Nothing in this Act shall be construed to require any person to sell any commodity or to offer any accommodations for rent.

Voluntary Agreements

Sec. 5. In carrying out the provisions of this Act, the Administrator is authorized to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or the other purposes of this Act, but no such arrangement or agreement shall modify any regulation, order, or price schedule previously issued which is effective in accordance with the provisions of section 2 or section 206. The Attorney General shall be promptly furnished with a copy of each such arrangement or agreement.

Title II—Administration And Enforcement

Administration

Sec. 201. (a) There is hereby created an Office of Price Administration, which shall be under the direction of a Price Administrator (referred to in this Act as the "Administrator"). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$12,000 per annum. The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this Act, and shall fix their compensation in accordance with the Classification Act of 1923, as amended. The Administrator may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Price Administration, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

(b) The principal office of the Administrator shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place. The President is authorized to transfer any of the powers and functions conferred by this Act upon the Office of Price Administration with respect to a particular commodity or commodities to any other department or agency of the Government having other functions relating to such commodity or commodities, and to transfer to the Office of Price Administration any of the powers and functions relating to priorities or rationing conferred by law upon any other department or agency of the Government with respect to any particular commodity or commodities; but, notwithstanding any provision of this or any other law, no powers or functions conferred by law upon the Secretary of Agriculture shall be transferred to the Office of Price Administration or to the Administrator, and no powers or functions conferred by law upon any other department or agency of the Government with respect to any agricultural commodity, except powers and functions relating to priorities or rationing, shall be so transferred.

(c) The Administrator shall have authority to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere; for lawbooks and books of reference; and for paper, printing, and binding) as he may deem necessary for the administration and enforcement of this Act. The provisions of section 3709 of the Revised Statutes shall not apply to the purchase of supplies and services by the Administrator where the aggregate amount involved does not exceed \$250.

(d) The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this Act.

Investigations; Records; Reports

Sec. 202. (a) The Administrator is authorized to make such studies and investigations and to obtain such information as he deems necessary or proper to as-

sist him in prescribing any regulation or order under this Act, or in the administration and enforcement of this Act and regulations, orders, and price schedules thereunder.

(b) The Administrator is further authorized, by regulation or order, to require any person who is engaged in the business of dealing with any commodity, or who rents or offers for rent or acts as broker or agent for the rental of any housing accommodations, to furnish any such information under oath or affirmation or otherwise, to make and keep records and other documents, and to make reports, and he may require any such person to permit the inspection and copying of records and other documents, the inspection of inventories, and the inspection of defense-area housing accommodations. The Administrator may administer oaths and affirmations and may, whenever necessary, by subpoena require any such person to appear and testify or to appear and produce documents, or both, at any designated place.

(c) For the purpose of obtaining any information under subsection (a), the Administrator may by subpoena require any other person to appear and testify or to appear and produce documents, or both, at any designated place.

(d) The production of a person's documents at any place other than his place of business shall not be required under this section in any case in which, prior to the return date specified in the subpoena issued with respect thereto, such person either has furnished the Administrator with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the Administrator as to the information contained in such documents.

(e) In case of contumacy by, or refusal to obey a subpoena served upon, any person referred to in subsection (c), the district court for any district in which such person is found or resides or transacts business, upon application by the Administrator, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof. The provisions of this subsection shall also apply to any person referred to in subsection (b), and shall be in addition to the provisions of section 4 (a).

(f) Witnesses subpoenaed under this section shall be paid the same fees and mileage as are paid witnesses in the district courts of the United States.

(g) No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of Feb. 11, 1933 (U. S. C., 1934 edition, title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

(h) The Administrator shall not publish or disclose any information obtained under this Act that such Administrator deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless he determines that the withholding thereof is contrary to the interest of the national defense and security.

Procedure

Sec. 203. (a) Within a period of 30 days after the issuance of any regulation or order under section 2, or in the case of a price schedule, within a period of 60 days after the effective

date thereof specified in section 206, any person subject to any provision of such regulation, order, or price schedule may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. At any time after the expiration of such 60 days any persons subject to any provision of such regulation, order, or price schedule may file such a protest based solely on grounds arising after the expiration of such 60 days. Statements in support of any such regulation, order, or price schedule may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the Administrator. Within a reasonable time after the filing of any protest under this subsection, but in no event more than 30 days after such filing or 90 days after the issuance of the regulation or order (or in the case of a price schedule, 90 days after the effective date thereof specified in section 206) in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the Administrator denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the Administrator has taken official notice.

(b) In the administration of this Act the Administrator may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 202.

(c) Any proceedings under this section may be limited by the Administrator to the filing of affidavits, or other written evidence, and the filing of briefs.

Review

Sec. 204. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals, created pursuant to subsection (c), specifying his objections and praying that the regulation, order, or price schedule protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the Administrator has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation, order, or price schedule, in whole or in part, to dismiss the complaint, or to remand the proceeding; *Provided*, That the regulation, order, or price schedule may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to such regulation, order, or price schedule, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Adminis-

trator and not admitted, or which could not reasonably have been offered to the Administrator or included by the Administrator in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation order, or price schedule as a result thereof; except that on request by the Administrator, any such evidence shall be presented directly to the court.

(b) No such regulation, order, or price schedule shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation, order, or price schedule is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation, order, or price schedule shall be postponed until the expiration of 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) There is hereby created a court of the United States to be known as the Emergency Court of Appeals, which shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such judges as chief judge of the Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this Act; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining in whole or in part, the effectiveness of any regulation or order issued under section 2 or any price schedule effective in accordance with the provisions of section 206. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this Act. The court may fix and establish a table of costs and fees to be approved by the Supreme Court of the United States, but the costs and fees so fixed shall not exceed with respect to any item the costs and fees charged in the Supreme Court of the United States. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

(d) Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 240 of the Judicial Code, as

amended (U. S. C., 1934 edition, title 28, sec. 347). The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under section 2, of any price schedule effective in accordance with the provisions of section 206, and of any provision of any such regulation, order, or price schedule. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation, order, or price schedule, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this Act authorizing the issuance of such regulations or orders, or making effective any such price schedule, or any provision of any such regulation, order, or price schedule, or to restrain or enjoin the enforcement of any such provision.

Enforcement

Sec. 205. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 4 of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the Administrator that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 4 of this Act, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed under section 2 or section 202, shall, upon conviction thereof, be subject to a fine of not more than \$5,000, or to imprisonment for not more than two years in the case of a violation of section 4 (c) and for not more than one year in all other cases, or to both such fine and imprisonment. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) The district courts shall have jurisdiction of criminal proceedings for violations of section 4 of this Act, and, concurrently with State and Territorial courts, of all other proceedings under section 205 of this Act. Such criminal proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Except as provided in section 205 (f) (2), such other proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred, and may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any criminal or other proceedings brought before it under this section. No costs shall be assessed against the Administrator or the United States Government in any proceeding under this Act.

(d) No person shall be held liable for damages or penalties

in any Federal, State, or Territorial court, on any grounds for or in respect of any thing done or omitted to be done in good faith pursuant to any provision of this Act or any regulation, order, price schedule, requirement, or agreement thereunder, or under any price schedule of the Administrator of the Office of Price Administration or of the Administrator of the Office of Price Administration and Civilian Supply, notwithstanding that subsequently such provision, regulation, order, price schedule, requirement, or agreement may be modified, rescinded, or determined to be invalid. In any suit or action wherein a party relies for ground of relief or defense upon this Act or any regulation, order, price schedule, requirement, or agreement thereunder, the court having jurisdiction of such suit or action shall certify such fact to the Administrator. The Administrator may intervene in any such suit or action.

(e) If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, the person who buys such commodity for use or consumption other than in the course of trade or business may bring an action either for \$50 or for treble the amount by which the consideration exceeded the applicable maximum price, whichever is the greater, plus reasonable attorney's fees and costs as determined by the court. For the purposes of this section the payment or receipt of rent for defense area housing accommodations shall be deemed the buying or selling of a commodity, as the case may be. If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, and the buyer is not entitled to bring suit or action under this subsection, the Administrator may bring such action under this subsection on behalf of the United States. Any suit or action under this subsection may be brought in any court of competent jurisdiction, and shall be instituted within one year after delivery is completed or rent is paid. The provisions of this subsection shall not take effect until after the expiration of six months from the date of enactment of this Act.

(f) (1) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act and to assure compliance with and provide for the effective enforcement of any regulation or order issued or which may be issued under section 2, or of any price schedule effective in accordance with the provisions of section 206, he may by regulation or order issue to or require of any person or persons subject to any regulation or order issued under section 2, or subject to any such price schedule, a license as a condition of selling any commodity or commodities with respect to which such regulation, order, or price schedule is applicable. It shall not be necessary for the Administrator to issue a separate license for each commodity or for each regulation, order, or price schedule with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under section 2 or section 202: *Provided*, That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or motion pictures, or as a condition of selling radio time: *Provided further*, That no license may be required of any farmer as a condition of selling any agricultural commodity produced by him, and no license

may be required of any fisherman as a condition of selling any fishery commodity caught or taken by him: *Provided further*, That in any case in which such a license is required of any person, the Administrator shall not have power to deny to such person a license to sell any commodity or commodities, unless such person already has such a license to sell such commodity or commodities, or unless there is in effect under paragraph (2) of this subsection with respect to such person an order of suspension of a previous license to the extent that such previous license authorized such person to sell such commodity or commodities.

(2) Whenever in the judgment of the Administrator a person has violated any of the provisions of a license issued under this subsection, or has violated any of the provisions of any regulation, order, or requirement under section 2 or section 202 (b), or any of the provisions of any price schedule effective in accordance with the provisions of section 206, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the Administrator has reason to believe that such person has again violated any of the provisions of such license, regulation, order, price schedule, or requirement after receipt of such warning notice, the Administrator may petition any State or Territorial court of competent jurisdiction, or a district court subject to the limitations hereinafter provided, for an order suspending the license of such person for any period of not more than 12 months. If any such court finds that such person has violated any of the provisions of such license, regulation, order, price schedule, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under section 2, or a price schedule effective in accordance with the provisions of section 206, is applicable; but no such suspension shall be for a period of more than 12 months. For the purposes of this subsection, any such proceedings for the suspension of a license may be brought in a district court if the licensee is doing business in more than one State, or if his gross sales exceed \$100,000 per annum. Within 30 days after the entry of the judgment or order of any court either suspending a license, or dismissing or denying in whole or in part the Administrator's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State, Territorial, or district court, as the case may be. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice; and upon written stipulation of the parties to the proceeding for suspension, approved by the trial court, any such order of suspension may be modified, and the license which has been suspended may be restored, upon such terms and conditions as such court shall find reasonable. Any such order of suspension shall be affirmed by the appropriate appellate court if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of such license, regulation, order, price schedule, or requirement after receipt of such warning notice. No proceedings for suspen-

sion of a license, and no such suspension, shall confer any immunity from any other provision of this Act.

Saving Provisions

Sec. 206. Any price schedule establishing a maximum price or maximum prices, issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply, prior to the date upon which the Administrator provided for by section 201 of this Act takes office, shall, from such date, have the same effect as if issued under section 2 of this Act until such price schedule is superseded by action taken pursuant to such section 2. Such price schedules shall be consistent with the standards contained in section 2 and the limitations contained in section 3 of this Act, and shall be subject to protest and review as provided in section 203 and section 204 of this Act. All such price schedules shall be reprinted in the Federal Register within 10 days after the date upon which such Administrator takes office.

Title III—Miscellaneous

Quarterly Report

Sec. 301. The Administrator from time to time, but not less frequently than once every 90 days shall transmit to the Congress a report of operations under this Act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

Definitions

Sec. 302. As used in this Act—

(a) The term "sale" includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms "sell", "selling", "seller", "buy", and "buyer", shall be construed accordingly.

(b) The term "price" means the consideration demanded or received in connection with the sale of a commodity.

(c) The term "commodity" means commodities, articles, products, and materials (except materials furnished for publication by any press association or feature service, books, magazines, motion pictures, periodicals and newspapers, other than as waste or scrap); and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity: *Provided*, That nothing in this Act shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility, or (3) rates charged by any person engaged in the business of selling or underwriting insurance, or (4) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, a motion-picture or other theater enterprise, or outdoor advertising facilities, or (5) rates charged for any professional services.

(d) The term "defense-rental area" means the District of Columbia and any area designated by the Administrator as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of this Act.

(e) The term "defense-area housing accommodations" means housing accommodations within any defense-rental area.

(f) The term "housing accommodations" means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming or boarding house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

(g) The term "rent" means the consideration demanded or received in connection with the use or occupancy or the transfer of a lease of any housing accommodations.

(h) The term "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or agency.

(i) The term "maximum price," as applied to prices of commodities means the maximum lawful price for such commodities, and the term "maximum rent" means the maximum lawful rent for the use of defense-area housing accommodations. Maximum prices and maximum rents may be formulated, as the case may be, in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

(j) The term "documents" includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

(k) The term "district court" means any district court of the United States, and the United States Court for any Territory or other place subject to the jurisdiction of the United States; and the term "circuit courts of appeals" includes the United States Court of Appeals for the District of Columbia.

Separability

Sec. 303. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

Appropriations Authorized

Sec. 304. There are authorized to be appropriated such sums as may be necessary or proper to carry out the provisions and purposes of this Act.

Application of Existing Law

Sec. 305. No provision of law in force on the date of enactment of this Act shall be construed to authorize any action inconsistent with the provisions and purposes of this Act.

Short Title

Sec. 306. This Act may be cited as the "Emergency Price Control Act of 1942."

Approved, Jan. 30, 1942.

L. N. de Rothschild Dead

Lionel Nathan de Rothschild, Unionist member of Parliament for Aylesbury from 1910 to 1923 died in London on Jan. 28, at the age of 60, according to a dispatch from London to the N. Y. "Times" dated Jan. 28.

Mr. de Rothschild was a partner in the banking firm of N. M. Rothschild & Sons.

In 1917 he received the Order of the British Empire.

Opportunity In Pension Funds Stressed At Trust Conference—Other Addresses

Addressing the Midwinter Trust Conference of the Trust Division of the ABA in New York on Feb. 3, Henry W. Koenke, President of the American Bankers' Association observed that "for the second time in the life of the Trust Division our country is at war. And it is in terms of that fact that we must conduct our affairs until victory is won and peace is reestablished in the world." Mr. Koenke, who is also President of the Security Bank of Ponca City, Okla. further remarked that "the major services which banks will now have to provide the nation at war fall into two classifications, enlarged financing of the production of war goods directly and indirectly, and promotion of the sale of defense bonds. These assignments we volunteer to accept on behalf of all banks. They will be carried out on a scale beyond anything that has been done to date." He added:

The Association's program of meetings has been recast in the light of war conditions. More than ever, its conferences will be "shirt sleeves" sessions such as this one and the discussions planned will be directed toward war service. This is the first of our 1942 conferences. I compliment you on your theme, "Adapting trust business to war-time conditions."

Your Association is alert to the exigencies of the time. . . . You are performing a vital service to the homes which are the foundation of American democracy. In your care in a considerable degree are the lives and futures of many people. As you prevent waste and needless dissipation of estates you preserve the assets of our national economy. As you protect the lives and futures of beneficiaries you help to assure the realization of the true destiny of America. War heightens your responsibilities and your opportunities too.

Walter P. Armstrong, of Memphis, Tenn., President of the American Bar Association, who, as a speaker, participated on Feb. 3 in the Mid-Winter Trust Conference of the Trust Division of the ABA stated that "as gratifying in itself as was this joint enterprise of our two organizations it has another significance which we should not allow to escape us. It is a demonstration of the possibilities of future co-operation by the members of the American Bar Association and the offices of trust companies." In part Mr. Armstrong added:

There is a definite place in the Trust Section of the American Bar Association for lawyers who are employed by corporate fiduciaries. The general objectives of your division and of this section of the American Bar Association are similar in that each seeks to help in bringing about a higher degree of technical skill and more meritorious conduct in the management of trust affairs.

Participation in the work of the American Bar Association by lawyers who represent trust companies affords them an opportunity of exchanging views with lawyers who are in the general practice in all sections of the country and who have diverse backgrounds and different ideas, with resulting benefits to both. It also permits participation in the formative work of the bar relating to proposed legislation in the trust field and helps in keeping abreast of legislation enacted in the several states and the large number of decisions which are handed down for the various courts.

Lawyers employed by trust companies are largely concerned with the problems of trust administration. Lawyers in the general practice are more usually concerned with the creative work of drafting trust instruments. A fusion of ideas and experiences necessarily is to the advantage of both groups.

Another field in which much good can be accomplished by cooperation is in the work of the National Conference of Commissioners on Uniform State Laws. That is, as you well know, an independent organization affiliated with the American Bar Association. I think it may fairly be said that it functions under the auspices of the American Bar Association. None of its acts is released unless it is first approved by our association. . . .

In conclusion, I give you the paramount reason why the American Bar Association needs you among its members. We are dedicating all our resources and all our efforts toward aiding in the war in which our country is engaged. I need not argue to you as to the necessity of victory. That with our man power and with our industrial resources we can eventually win seems certain. Upon the courage and devotion of our armed forces we can implicitly rely. . . . What we must make quite sure of is the morale, or as I prefer to call it, the self-discipline of the people — a self-discipline which will make them willing to endure those uncomfortable sacrifices which will become increasingly necessary—a self-discipline which will teach them to dwell upon defeats only that they may show us the way to success—a self-discipline which will never permit war weariness to lessen our will for victory—a self-discipline which will enable us to achieve that Spartan fortitude which subordinates the well-being of the individual to the safety of the nation.

Pension funds are no longer associated with charity but have come to be regarded as deferred compensation for services rendered, it was stated at the Conference on Feb. 4 by G. Warfield Hobbs, 3rd, Assistant Vice President City Bank Farmers Trust Company of New York City, in an address on "Opportunities in the Field of Employee Pension Trusts." Mr. Hobbs said that "our thinking has changed a bit and many of us have discarded the association with charity and come to regard a pension as a deferred compensation rendered." He stressed this point of the new definition for pensions because "we are here seeking opportunities for the trust business and if you will accept the new definition of deferred compensation you will at once grasp the significance of the almost unlimited opportunities for trust companies to aid and share in the development of this comparatively new field of business. Mr. Hobbs further said:

Deferred compensation implies more than mere justification for paying a modest pension to a few old-timers. Inherent in that definition is a vested right to something of value which for his own good and protection has been withheld from the employee until it may be paid out to him for the security of his old age. Social security is a great forward step, but it is not enough. Its \$300 or \$400 for the average worker and its top of around \$700 single benefit for the higher-ups is only part of the story. Corporations will have to supplement social security with private pension plans and I believe many want to and many will when they take the time really to study the subject and find out how little is the actual cost.

Erwin S. Anderson, Trust Officer of the Merchants National Bank, Bangor, Maine, addressing the conference on Feb. 4 urged trust institutions today to make surveys of their business areas to determine the quantity of new business they can obtain. Mr. Anderson recommended such surveys as particularly important in the light of shifts in the economic structure that are being brought about by the war.

There are three major problems facing trust institutions in seeking new business today, Mr. Anderson continued. These are, he said, the amount of new business available, the amount of money that should be spent in attempting to obtain new business, and the methods to be used in obtaining new business.

The answer to the first of these problems, he declared, "is to be found in a survey of the field for trust services in the area in which the trust institution is located. The survey is a combination of fact-gathering and the common sense of the trust officer."

Among others who addressed the conference were Walter Kennedy, Vice-President and Trust Officer of the First National Bank of Montgomery, Ala. and Sterling L. Wandell, Vice-President of the Wyoming National Bank of Wilkes-Barre, Pa.

Corn Price Advance Is Declared Unjustified

Secretary of Agriculture Claude R. Wickard in a statement on Jan. 27 said that the recent speculative advances in corn prices are unjustified and declared that the Department would use every means at its disposal to maintain reasonable feed prices for live stock, dairy and poultry producers. "In view of record supplies of feed grains now available in this country and a prospective corn carryover of more than 600,000,000 bushels next fall, there is no justification for recent price advances in the corn market," the Secretary declared. He further said:

Future prices recently have been exceeding cash prices by considerably more than their usual relationships, indicating unusual speculative interest in corn. There is evidence that corn moving out of the Ever-Normal Granary is being used for speculative purposes rather than for feeding and processing.

The Department is prepared to take the necessary steps to assure livestock, dairy, and poultry producers an abundance of feed grains at reasonable prices.

We are today modifying our sales and loan programs so as to make our entire Ever-Normal Granary reserves available to livestock, dairy, and poultry producers and corn processors. We are going to encourage bona fide feeders and processors to carry the largest possible stocks of corn and feed grains in their own storage facilities. This will not only help feeders to stabilize their operations over a longer period of time, but will also help forestall storage and transportation difficulties which may develop when the 1942 wheat crop comes on the market. At the same time we are going to take positive steps to avoid having our Ever-Normal Granary corn supplies end up in the hands of speculative interests. We will also take whatever other steps are necessary to see that elevators which may be needed for storing wheat are not filled with corn held for speculative purposes.

The Commodity Credit Corporation still owns over 95 million bushels of corn which is more than it sold during 1941. If necessary, loans on approximately 170 million bushels of 1938-39 and 40 corn will be

plies will be available for im-called so that ample corn supply to livestock and poultry producers and processors of livestock feeds. This is exclusive of the corn now going under loan from the 1941 crop which is also subject to call.

The Corporation also holds approximately 500 million bushels of pooled and loan wheat and the recently announced sales program for wheat will be expanded if necessary in order to meet feed requirements. Also, the substitution of wheat for the manufacture of alcohol will probably reduce the amount of corn required for conversion into alcohol from the previously estimated 60 million bushels of corn to less than 25 million bushels.

This program will not be to the detriment of the corn farmer. Corn loans or the cash prices which farmers can now obtain for their crop, plus AAA payments, assure parity for the corn farmer. Programs to assure continuation of these parity returns to the corn farmer will be maintained.

On the other hand, corn prices pushed higher by speculative interests will jeopardize the entire Food for Freedom campaign, have a retarding effect upon the entire war effort, and eventually be to the long-time disadvantage of the farmer. Corn and livestock prices are now in such relationship as to encourage the conversion of our corn and feed supplies into the livestock and dairy products which are so urgently needed to feed ourselves and the other nations waging war on the Axis. Unwarranted increases in corn prices would either slow down the production of these vital food products or bring about an increase in their prices. A slow-up in the production of meat and dairy products is unthinkable at this time.

Agriculture Dept., OPA Act Against Inflation

In a joint statement issued in connection with the passage of the Price Control Act, Secretary of Agriculture Claude R. Wickard and Price Administrator Leon Henderson said on Feb. 3 that their agencies "intend to spare no effort to prevent inflation" and that the two agencies "are in complete agreement as to objectives to be achieved." Under the Act, the Price Administrator cannot set ceiling prices for farm products without the Secretary's consent. If inflation is to be controlled, the joint statement says, "effective, positive steps must be taken to stabilize the cost of living" and the Agriculture Department and the OPA, it is added, "intend to pool resources to do all they can to accomplish this end." The statement, issued by Secretary Wickard and Administrator Henderson, continues:

First of all we must have abundant production and the Department of Agriculture intends to see that every possible step is taken to insure abundant supplies for all. This has been and will remain the consumer's best assurance of fair prices. Government-owned stocks of grains and cotton will continue to be used to supplement private stocks. Farm legislation and the farm production goals for 1942 have now placed floors under the farm prices of all major products at levels sufficient to protect farmers in carrying out a great increase in production. Steps will be taken to keep feedstuffs at reasonable levels in order that increased production of meats and livestock products will not be hampered by high feed costs.

The Office of Price Administration will use its powers to see that prices of the things that farmers buy are held down, so that farm production will not be restricted by unnecessarily high production costs.

A high level of production will not in all cases be sufficient. Where prices get out of line the Office of Price Administration with the advice and assistance of the Department will establish maximum prices. In such cases it will see that this protection is afforded all the way through the channels of distribution to the ultimate consumers. In those cases where there is not enough to go around, steps will also be taken to assure that there is fair distribution to all.

The American people should realize that it will be the objective of their government to stabilize the cost of living. They, too, can do their part. There is no occasion for hoarding of food. Total supplies of most staple foods are at record or near record levels. Families who hoarded in the past were simply misguided. Now they are both misguided and unpatriotic, for such buying upsets markets and encourages inflationary price advances.

It should be a point of pride with every good American not to hoard or to waste food. Consumers should buy more of commodities which are plentiful in supply. Thus, they can assist farmers and stimulate the output of larger supplies by directing their purchases to commodities that are relatively abundant. From time to time the Department of Agriculture and the Office of Price Administration will draw the attention of consumers to commodities which are in relative abundance, and to desirable shifts in food habits.

We should like to repeat that the Government intends to mobilize its full resources for all-out agricultural production at prices fair to farmers and consumers. Our aim is to stabilize living costs and prevent war-time inflation or post-war deflation. We invite the assistance of farmers and consumers in seeing that the job is done.

U.S. Will Buy Cuban Sugar

President Fulgencio Batista of Cuba decreed on Jan. 28 rigid control of the Cuban sugar crop in a "plan of close cooperation" designed to provide as much sugar as possible to the United States. The decree authorizes the Cuban Sugar Stabilization Institute (I.C.S.A.) to buy the entire 1942 crop in the form of either sugar, syrup or molasses. Further details were reported in Associated Press Havana advices as follows:

The Institute will sell to the United States all but 200,000 long tons reserved for Cuban domestic consumption and 65,000 tons for other exports markets.

The remainder of the crop, expected to approach a total of 4,000,000 tons, will be sold to the United States, and 34,000,000 gallons of syrup will be set aside for manufacture of alcohol for the United States.

Crude sugar will be sold at a minimum of 2.65 cents a pound; Cuban dockside, with the United States furnishing the ships to remove it.

Price increases are provided if "the present ceiling price of 3.74 cents, freight and duty paid in New York," is raised.

The order said that since the United States and Cuba both were at war against the Axis, the United States would be afforded all sugar possible "for its consumption or that of other powers allied in defense of the democratic cause."

Cullin, President Of Financial Advertisers Sees Post-War Tests Of Financial Abilities

In Boston on Jan. 29, Victor Cullin, President of the Financial Advertisers' Association, observed that "based on production abilities of the warring nations, so competently set forth in a recent St. Louis discussion of the subject by Dr. Harold G. Moulton, economist and director of the Brookings Institution, it seems quite probable that the war will end in the year 1944 with the anti-Axis nations as the victors." "However," said Mr. Cullin, "if this be true, we will then enter a post-war period that will test our financial abilities to an even greater degree. We will have fought an air war and we will have destroyed much of the wealth-producing properties in the beleaguered nations." Damaged or destroyed transportation facilities, harbors, ships, factories, and other properties essential to the livelihood of the people. Mr. Cullin went on to say: Such destruction will be far greater than that which was experienced in the last war. Fortunately, it appears our country will be free from such havoc; therefore, it will be our job to replace all of these things in order to permit the conquered people to return to a peacetime economy. During this transition we will be called upon for food, medical care and raw materials. Maybe we can work out a sort of lease-lend plan for certain strategic possessions, or perhaps a loan at a low rate of interest, or perhaps outright gifts. In any event, we will have a post-war period that will call for even greater sacrifices and more determined leadership than we will experience during the war period.

Mr. Cullin, who is also Assistant Secretary of the Mississippi Valley Trust Co. of St. Louis, in his address, which was delivered in Boston before the New England Financial Advertisers, also had the following to say in part:

I've been trying to get a picture of 1942 in the banking business, where will we gain, and where will we lose. I use the words gain and lose because I know we all know we must show profits if we are to carry on any sort of an effective program. In discussing my various contentions with one of our executive officers we more or less agreed on the following trends:

(1) We seem to think that while short-term war goods production loans and long-term defense construction loans will increase, it will not be sufficient to offset the loss in consumer goods financing we know will suffer.

(2) There will be an increase in personal loans for the purpose of meeting income tax payments, and the necessities of life, but it's doubtful if this will offset the loss in new automobile and installment paper financing we are now experiencing.

(3) There is a possibility we will in our city have an increase in defense housing loans that may offset our present drop-off in non-defense construction loans.

(4) There is an indication of corporate loans and collateral loans, as well, for tax purposes.

(5) In St. Louis we expect an increasing number of new customers due to the newcomers that are arriving daily, and we feel that this will probably exceed the anticipated drop in savings accounts, and checking accounts of those customers who are forced out of business during the emergency.

(6) Due to higher wages we feel that checking accounts will be opened by many who have heretofore depended on cash.

(7) The tax on safe deposit boxes points to a loss of customers in this department.

(8) The only hope for foreign exchange is the possible stimulation of trade and travel in the Western Hemisphere.

(9) The trust department should obtain many new ac-

counts from those who enter the Service. Agency accounts, custodianships and trusts are presently in demand by the medical men who are leaving, and as the Army increases further prospects will develop from older men.

(10) We will, of course, experience much greater activity in the sale of Defense Savings Bonds and Stamps, but this service we gladly render without profit.

Now, after this brief resume of our outlook for the present year, it doesn't take a microscope to see that all of us will have difficulty in keeping our earnings up to that of last year. It means much hard work, long hours and initiative. There is one spot on the horizon that is in line with the majority opinion of this association. We have thought for many years that banking services should be directed toward the masses of people rather than a selected few. Due to the conditions I have outlined aren't we in an excellent position to use our public relations and new business experiences not only to augment our earnings, but to serve a nation at war to the best of our ability?

Illinois Bankers Hold Meeting In Chicago

One thousand bankers from Illinois attended the 47th annual mid-winter conference and dinner of the Illinois Bankers Association at the Palmer House in Chicago last month. The afternoon session was presided over by Henry G. Bengel, Vice-President and Trust Officer of the Illinois National Bank, Springfield. An innovation was inaugurated at this session—radio interviews—which was conducted in the manner of "The Man on the Street." The program was not broadcast and was conducted by John H. Crocker, Citizens National Bank, Decatur; B. J. Maiworm, Continental Illinois National Bank & Trust of Chicago; Laurence A. Kempf, The Northern Trust Co., Chicago; and Thomas F. Ford, American National Bank & Trust Co., Chicago, as interviewers. The interviews covered timely subjects that demand serious consideration by the bankers at this time.

The country bankers of Illinois were admonished by A. G. Brown, Manager of the Agricultural Credit Department of the American Bankers Association to "Get the Facts" about the agricultural situation so as to be able to cooperate intelligently with an "all out" program of "Food for Freedom."

U. S. Legation Leaves Denmark; On Way Home

The American Legation has left Denmark and is on its way to the United States, according to a dispatch from Copenhagen received at Berne, Switzerland, and telephoned to the New York "Times" on Jan. 24. The New York "Times" of Jan. 25 gave the communique from the Foreign Ministry announcing the departure as follows:

Because of the change which has occurred in the political situation following the entry of the United States into the war, the personnel of the United States Legation in Copenhagen left Denmark today in order to return to the United States in company with members of the Embassy in Berlin.

Farm Product Prices Avge. 102% Of Parity

Farmers were receiving higher prices for agricultural commodities on Jan. 15, but they also were paying more for their own purchases, the Department of Agriculture reported on Jan. 29.

A 3-point rise in the index of prices received by farmers and a 3-point increase in the index of prices paid, says the Department, brought the average of farm product prices to 102% of parity. Even with a record production of some commodities, increased demand for farm products raised the mid-January index of prices received to 149% of the 1909-14 base period. This was 45 points higher than a year ago and the highest point reached since October, 1929. The Department's announcement added:

Prices paid by farmers climbed to 146% of the 1909-14 level. This was 23 points above a year earlier and the highest point reached since August 1930.

The rise in incomes of industrial workers, resulting in an increased demand for food, has been an important factor in the rise of farm product prices. The index of industrial workers' incomes in December was 185% of the 1935-39 average or 50 points higher than a year earlier.

During the month grains advanced 7 points, meat animals 6, cotton and cottonseed 5, and fruits 4. Dairy products as a group showed no change from mid-December, and poultry products dropped 6 points.

Prices of leading farm products on Jan. 15, when expressed as a percentage of parity with prices paid, interest, and taxes, were: Corn 78%, cotton 94, butterfat 100, eggs 105, hogs 100, and beef cattle 128. The average of all farm product prices was 102% of parity. In September 1941, when this ratio was 101, the average of prices received exceeded the average of prices paid (interest and taxes included) for the first time in 21 years.

The 7-point gain placed the grain price index at the highest level since August 1937. This index stood at 119% of the base period average, compared with 84% a year ago. Prices received by farmers for both corn and small grains showed material increases during the month. Rough rice prices also continued to rise and prices received for soybeans advanced as the Office of Price Administration revised its original schedule of ceilings on fats and oils upward.

The rise of 6 points in the meat animal index represented a recovery to the price level reached in September 1941. The meat animal index in mid-January was 166% of the 1910-14 average, compared with 128% a year ago. Beef cattle prices, at \$9.77 a hundred pounds, were at the highest mark in 13 years; hog prices of \$10.55 per hundred were 55 cents below the peak reached in September 1941; and lamb prices advanced to \$10.30 per hundredweight, a 12-year peak. Wool prices showed little change during the month.

The mid-January index of local market cotton lint and cottonseed prices was up 4% for the month and 79% over a year earlier. Lint prices were up but cottonseed prices declined. With domestic mills operating at high levels, the smallest domestic carryover of cotton lint since 1937 is in prospect.

The upward trend in prices received by growers of commercial truck crops continued during the first half of January. Celery prices were 60% higher than the first half of December; lettuce was up 16%; cabbage 8, and carrots 5. Spinach was down 8%. Prices of all five

crops were considerably higher than a year earlier.

Potato prices reached the highest level since May 1937 as a result of sharp advances. Sweetpotatoes made slightly more than seasonal gains between mid-December and mid-January, and farmers received about the same prices for dry edible beans. Peanut prices were up to 5.11 cents a pound compared with 4.79 cents in mid-December and 3.28 cents on Jan. 15, 1941.

The dairy products index was steady for the third straight month at 148% of the 1910-14 average. This is 27 points higher than on Jan. 15, 1941 and the highest since December 1929. Slight advances in butterfat prices were sufficient to offset small declines in wholesale prices of milk.

Declines in the average price received for wholesale milk in mid-January were general except for slight advances in the Mountain and South Central States. Butterfat prices were up fractionally for the Nation as a whole, and prices of butter churned and sold from the farms was unchanged.

The chicken and egg price index showed a decline of 6 points but was still 47 points above a year earlier. The decline was less than seasonal and left the index at the highest point for January since 1930. Egg prices declined but chicken prices increased.

"War Time" In Effect

The new daylight saving time which became effective in the early morning hours (2 a.m.) of Monday, Feb. 9, has been designated by President Roosevelt as "War Time." The White House announced on Feb. 2 that the President had offered the terminology in response to requests made by railroads, Government agencies, industries and others. In accordance with the Act of Congress, approved by the President on Jan. 20 with a view to conserving electrical energy for the defense effort, the standard time of each zone in the United States was advanced one hour on Feb. 9. "War Time" will remain in effect six months after the present war ends, unless Congress nullifies it before then.

Congressional action and Presidential approval of the legislation establishing the new time was reported in these columns Jan. 29, page 485.

The text of the law follows:

(S. 2160)

AN ACT

To promote the national security and defense by establishing daylight saving time.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That beginning at 2 o'clock antemeridian of the twentieth day after the date of enactment of this Act, the standard time of each zone established pursuant to the Act entitled "An Act to save daylight and to provide standard time for the United States," approved March 19, 1918, as amended, shall be advanced one hour.

Sec. 2. This Act shall cease to be in effect six months after the termination of the present war or at such earlier date as the Congress shall by concurrent resolution designate, and at 2 o'clock antemeridian of the last Sunday in the calendar month following the calendar month during which this Act ceases to be in effect the standard time of each zone shall be returned to the mean astronomical time of the degree of longitude governing the standard time for such zone as provided in such Act of March 19, 1918, as amended.

Approved, Jan. 20, 1942.

Farmers Receive Higher Prices For Products

The Bureau of Agricultural Economics, U. S. Department of Agriculture, announced Jan. 28 that prices paid to farmers for a representative group of food products rose nearly 4% from mid-November to mid-December, while the rise in cost of the same domestic foods to consumers was negligible and marketing charges declined. The farmers' share of the consumers' food dollar, says the Department, increased from 50 cents in November to 52 cents in December. During 1941 non-farm family income increased more than food prices. Measured in terms of consumer income, the same foods now require a smaller share of income than formerly—actually the smallest share in 29 years of record. A further advance of about 2% in retail prices of domestic foods occurred in late December and early January, according to preliminary information. Trends in wholesale markets indicate that prices paid to farmers made substantial gains during the same period, says the Bureau's announcement which further states:

Food prices in December, 1941, averaged 15% higher than in December, 1940; non-agricultural consumer income in December, 1941, averaged 17% higher than in December, 1940. But the rise in food prices varied greatly as among different foods, as did the rise in consumer income among various non-agricultural occupations.

Increases in food prices ranged in 1941 from advances of less than 1% in the case of breakfast cereals to 20% for white flour, 23% for eggs, 32% for pork products, and 42% for Irish potatoes. Greatest gains in non-agricultural income have gone to industrial and munitions workers, relatively small gains to other groups of the non-agricultural population, and practically no gains to a large body of salaried workers.

Analyses by the Bureau of Agricultural Economics show that during the past year practically all of the rise in retail prices of food was passed back to the farmers, that the marketing margin between farm and retail prices increased slightly during the first half of the year but then declined, and ended 1941 slightly lower than a year earlier.

Curb Imposes Fine

The New York Curb Exchange, in pursuance of its policy of giving full publicity to disciplinary action in material matters, announces that the Committee on Member Firms has imposed a fine of \$250 upon the firm of Herbert E. Stern & Co., New York City, for failure to follow instructions of the Committee to keep true and complete books of account and records adequately setting forth its transactions.

The Committee did not find any evidence of improprieties in connection with credit balances or securities of customers.

SEC Orders Hearing

The Securities and Exchange Commission has ordered Harry William Weller, Chicago security broker, to show cause at a hearing on Feb. 18, at the Commission's Chicago regional office, why he should not be expelled from membership in the National Association of Securities Dealers, Inc., and have his broker-dealer registration revoked.

The Commission charged that Weller had no capital employed in his business; that he owed substantial sums to customers and banks; that he had hypothecated securities carried for customers' accounts, and had failed to keep proper records of his business.

Canadian National Income In 1941 Largest In History Says Nova Scotia Bank President

The national income produced and available in Canada during 1941 was about \$6,200,000,000, according to a preliminary estimate, and is by far the largest in the history of Canada, J. A. McLeod, President of the Bank of Nova Scotia, told shareholders at the annual meeting at Halifax on Feb. 4.

"The estimate for the last year is almost \$1,000,000,000 greater than the figure for 1940 and is over \$2,000,000,000 greater than in 1938—the last full year of peace," Mr. McLeod said, adding that, "it must be recognized that part of the \$1,000,000,000 increase last year reflects the upward movement of prices, which gained momentum in the spring and summer; but even when allowance is made for this factor it is clear that the greater part of the increase reflects enlarged production and effort by the people of Canada."

With regard to inflation, Mr. McLeod said:

Because of the growing scarcity of labor and material supplies, the year just past brought to the fore the threat of inflation. For inflation is a symptom of scarcity: it arises because people try to buy more goods and services than are currently available and it inevitably results in higher prices and increasing costs of living. In 1941, the rate of spending for civilian purposes continued to rise and, while civilian production expanded in response to the greater demand, it was increasingly handicapped by material and labor shortages. Furthermore, prices began to rise quite rapidly in the United States and this naturally fostered the upward movement in Canada.

The policy of establishing the price and wage ceilings was a bold and courageous one and its objective should commend itself to Canadians in all walks of life. Important as the price and wage policy is, it does not and cannot solve all our economic problems.

It is perfectly clear that the Government's rigorous tax policy is contributing toward a restriction in individual spending. But heavy as taxation is, it alone is not capable of bringing about the necessary restriction in spending. We must continue to rely greatly on voluntary means of curtailing spending, that is to say on diverting income through the sale of both Victory Loans and War Savings Certificates.

Referring to his remarks of a year ago, Mr. McLeod said that the condition of "full employment," defined as a state of affairs where there is work for all of the capable and adaptable unemployed, has now been reached for all practical purposes.

"In Canada," according to Mr. McLeod, "the wholesale price index, which had risen by 107 points during the war, rose by a further 50 points from November, 1918 to May, 1920; and the cost of living index, the wartime increase of which had been 57 points, advanced by an additional 38 points in the same post-war period. There is no good reason to believe that the situation will be fundamentally different at the close of this war."

As to post-war readjustment, Mr. McLeod said:

Our economy will be geared to war and a huge readjustment will be necessary. There will be a large pent-up demand for civilian goods and services which will not be capable of fulfillment until the machinery of peace-time industry has had time to resume production. If all the controls were to be suddenly removed we might well face a chaotic situation.

In saying this I do not wish to create the impression that the controls developed in war-time should be, or are likely to be, continued indefinitely. It

is highly desirable that they be removed as rapidly as is possible without adding to our economic problems. I do suggest, however, that the problem of post-war readjustment cannot be met by the old slogan of "business as usual." Business will be anything but "usual" and Government policy will of necessity play a major role in the process of readjustment from a war to a peace-time economy.

The annual statement for the bank as of Dec. 31, 1941, was referred to in our issue of Feb. 5, page 581.

1941 Farm Income At Highest Since 1920

Cash income from farm marketings and Government payments in December amounted to \$1,230,000,000 compared with \$1,301,000,000 in November (revised estimate) and \$842,000,000 in December last year, the Bureau of Agricultural Economics, U. S. Department of Agriculture, reports. Government payments in December totaled \$83,000,000 compared with \$68,000,000 in November and \$70,000,000 in December 1940. Sales of several major farm products were larger than usual in December and prices averaged 6% higher than in November. As a result, the Bureau explained, income from farm marketings declined much less than usual from November to December. Income from wheat, corn, rice, cotton, tobacco, cattle, hogs, and eggs was much higher than usual in December, and income from many other farm products was up after seasonal adjustment, so that the seasonally adjusted index of income from farm marketings increased from 112.5% of the 1924-29 average in November to 134.0% in December. The Bureau further said:

Because of the unusually high level of marketings in December, cash income from farm marketings for the 12 months of 1941 exceeded earlier expectations and amounted to \$11,121,000,000. This is nearly 34% higher than income received from farm marketings in 1940 and with the exception of 1929 is the highest for any calendar year since 1920. Income from crops of \$4,735,000,000 is still somewhat below the average income from crops during the years 1924-29, but the returns from livestock and livestock products of \$6,386,000,000 are the highest for any year since 1919. Government payments during 1941 totaled \$585,000,000 compared with \$736,000,000 in 1940. Income including Government payments totaled \$11,706,000,000, more than in any previous year since 1920.

Favorable weather for agricultural production, together with rising prices, resulted in the largest volume of agricultural marketings in December for any December on record. Quantities of wheat, cotton, and corn placed under loan were large, and marketings of these crops during December were larger than usual. Sales of tobacco and rice also were sharply higher than usual, and prices were nearly twice as high as in December 1940. Because of the large income from these crops, and the relatively large returns from soybeans, peanuts, citrus fruits, and apples, the seasonally adjusted index of income from crops advanced from

101.5% of the 1924-29 average in November to 124.5% in December. Marketings of meat animals also were unusually large in December as the continued heavy movement of feeder cattle from the Range States was accompanied by relatively heavy slaughter, and the increase in marketings of hogs was also much greater than usual from November to December. As a result of these heavy marketings and rising prices, the seasonally adjusted index of income from meat animals increased from 122.5 to 154.0. The index for poultry and eggs increased from 106.5 to 132.0 as a record output of eggs was accompanied by a smaller than usual decline in egg prices.

CIO Board Urges Higher Wage Demands

At a meeting on Jan. 26 at the Hotel Roosevelt in New York City, the executive board of the Congress of Industrial Organizations called on all of its affiliated unions to demand substantial wage increases whenever new agreements are negotiated with employers. The board also took action on other issues, such as taxes, union security and rationing of materials and foodstuffs. The New York "Herald Tribune" of Jan. 27 had the following to say in part regarding the board meeting:

The demand, if complied with by the unions, will constitute the largest single wage demand advanced in any short period in American economic history. Among the employers who will be asked to grant increases commensurate with rising living costs is the United States Government, as well as the governments of cities, States and communities. The CIO can ask increases for 5,000,000 members.

Philip Murray, President of the CIO, in making public these actions at the conclusion of the executive board meeting, said that private employers could grant these demands without stimulating an inflationary spiral because profits have risen "outrageously" since the United States began to prepare for war.

The CIO has not determined the exact method by which it will seek to improve the wage standards of employees of Federal, State or municipal governments, but will sponsor as the first step, a demand that every governmental agency create a board to deal with its employees. The plan, as Mr. Murray envisions it, would require negotiation, conciliation and even arbitration between labor and Government bodies.

The executive board called for the adoption of a tax program that would stop war profiteering and at the same time would protect the living standards of American people. According to the CIO the money should come from the following sources:

Increased normal taxes and excess profits taxes or corporations; increased taxes on the present individual income tax base; closing of loopholes in the individual income tax and the corporation taxes; increased rates and lower exemptions on estate and gift taxes; excise taxes on certain luxury goods.

The CIO expressed unconditional opposition to any general sales tax or flat wage tax, holding that such measures would constitute vicious discrimination against the working people.

In a resolution on rationing, the CIO noted that many types of foodstuffs and other goods would have to be limited and called for the establishment of rationing machinery on a permanent basis for the duration of the war. The resolution

called for the establishment of a general rationing policy and for labor representation on all rationing boards.

The board reiterated the CIO's offer to cooperate with the Government, and particularly with Donald M. Nelson, head of the War Production Board, and volunteered its full resources in manpower and brains to achieve maximum production. Another resolution made clear that it felt the issue of the closed shop must now be decided on its merits in each individual case since the Government has accepted it in principle.

Newark H. A. Resigns

The entire Newark (N. J.) Housing Authority resigned as of Jan. 22, thus ending the differences with the United States Housing Authority over that city's housing program. The action came after a conference in Washington between the Newark members and Leon Keyserling, Acting Administrator of the USHA. In a statement issued after the conference, the Authority said:

The repeated public discussions and disputes in connection with the Newark housing program have not facilitated that cooperation between the United States Housing Authority and the Newark Housing Authority essential to the most effective and economical operations of the low-rent housing program in Newark.

For these reasons, it is the consensus of opinion that an opportunity to constitute an entirely new board will speed and help the program in Newark.

In these times of intense national need, all are in agreement that absolute harmony and cooperation, and freedom from all difficulties, however caused, will make a contribution to the national defense.

The United States Housing Authority in no way intends this as a personal reproach to any member of the Newark Authority. On the contrary, it feels that each and every member of the Newark Housing Authority taking this step is making a concrete and definite contribution to the success of the low-rent public-housing program.

The members of the authority were Frank G. Maguire, Chairman; Harold A. Lett Vice-Chairman; Charles P. Gillen, John F. Lee and Dr. Carl Baccaro.

Gen. Hershey Sees All Needed For Defense

At some time not far distant, perhaps six months, perhaps a year, or two years, every American must face the possibility of being in the armed services of the United States, or in some essential defense industry, "or be able to give very good reasons to the contrary," Brig. Gen. Lewis B. Hershey, National Director of Selective Service, said on Jan. 28 in an address before the Advertising Club of New York. The recent increase in selective service age limits, bringing men through 44 into the eligible group for combat service, and the eventual registration of men up to 65 for national defense service at home, General Hershey said, had brought the men of America face to face with the fact that a war is being waged.

Not only that, he added, but there was a possibility that women might have to be registered next, and "perhaps ultimately children may have to help," all as a part of what he visualized as a vast "budgeting" of the man power of the nation.

In further reporting his remarks, the New York "Herald Tribune" account of Jan. 29 went on to say:

"But we must beware of complacency," he warned, "and we must beware likewise of hysteria. We have something less than 60,000,000 to do the whole job on the defense effort. I am afraid we have a little bit, too, of the psychology of plenty, and if that leads to complacency, we must be shocked out of it. We must realize that we are not now doing many of the things that we shall have to do in the years to come.

"But we must not do now what must be undone later in the distribution of man power. It is more difficult to bring a man back from where he has been put than not to have put him there in the first place. We must not have to go to the armed forces to bring back certain men essential to industry as England had to do after Dunkerque.

"We know that we have just so much cream on our milk, and if there is likely to be a shortage of man power we must leave it by not having in one place all of the cream. We know that now we have 17,000,000 as the result of previous registrations, and we will have approximately 9,000,000 more after Feb. 16 (the date of the registration of men of 20 and from 36 to 45).

"There will be a later registration of those of 18 and 19, and from 45 to 65. When we have all of that, we may have to form a service record of all men, and perhaps women, before we can use it all.

"Perhaps the next step would be a budgeting of man power. We must figure on the numbers needed for immediate defense purposes. We must make our people understand the tag between our present conception of what man must do in war and what the requirements of modern war are. Perhaps ultimately children may have to help. Estimates differ, but they run from 10 to 25 on the number of persons required to keep one man in the armed forces supplied and equipped.

"There will be no place for the slacker. There will be no place for any one to be where he does less than he could do somewhere else."

Henderson Continues As RFC Chairman

Charles B. Henderson was re-elected Chairman of the Board of Directors of the Reconstruction Finance Corporation on Jan. 28. Mr. Henderson, who is from Nevada, was reappointed a member of the RFC for a two-year term on Jan. 14 by President Roosevelt and the Senate confirmed the renomination on Jan. 22. Similar action was taken by the President and the Senate on the same days with respect to the four other members of the RFC board. They are: Sam Husbands, of South Carolina; Howard J. Klossner, of Minnesota; Henry A. Mulligan, of New York, and Charles T. Fisher, Jr., of Michigan. These members were also sworn in again on Jan. 28.

Coffee Supplies Are Adequate To Meet Demand

Over 17,000,000 pounds of coffee recently arrived in New York from Brazil and a further 121,000,000 pounds are on the way, or more than one pound for every man, woman and child in the United States, the statistician of the New York Coffee and Sugar Exchange announced on Jan. 28 in answer to inquiries regarding coffee supplies. Not only that but stocks here are in excess of 500,000,000 pounds and further supplies are nearing shore from the West Indies, and Central and South American coffee-producing countries, other than Brazil, it was stated.

Auction Sales

Transacted by R. L. Day & Co., Boston on Wednesday, Jan. 27.

Shares	STOCKS	\$ per Share
20	Nashua Trust Co., Nashua, N. H. (par \$100)	137
1	Boston Athenaeum (par \$300)	190
550	Hermes Mining Corp. (par 10 cents); 5 Jasmine Petroleum Co. (par \$50); 40 Magnolia Park Investment Co. (par \$25); 100 Middleton Mines, Inc. (par \$1); 15 Pacific Development Corp.; 1 Manchester Country Club, N. H. (par \$100); 525 General Electronics Corp. (par \$1); 11 Chicago & Northwestern Ry. Co., common (par \$100)	\$2 1/2 lot
5	Eastern Massachusetts St. Ry. Co., preferred B (par \$100); 37 Terminal Storage Co., 6% preferred (par \$100)	\$88 lot
1	Butlers Point Associates, trustees certificate of beneficial interest; 1 Butlers Point Associates, trustees certificate of beneficial int., com.	\$6 lot

Transacted by R. L. Day & Co., Boston on Wednesday, Feb. 4.

Shares	STOCKS	\$ per Share
3	Somerville Trust Co., Somerville (par \$100)	60
20	Keyes Fibre Co., common	3 3/8
50	F. H. Smith Co., 7 1/2% preferred (par \$100)	35c
7	Columbia Oil & Gasoline Corp., common (par \$1)	1 1/2
25	Yuba Consolidated Gold Fields, Inc. (par \$1)	4
1	Boston Athenaeum (par \$300)	185

BOND	\$
\$20,046.96 Credit Union of Hungarian Mutual Credit Association and Futura Cooperative Societies Trading Co., Ltd.	\$20 lot

Transacted by Barnes & Lofland, Philadelphia on Wednesday, Feb. 4.

Shares	STOCKS	\$ per Share
16	City National Bank, Phila., common (par \$50)	10 1/8
23	Andrews Construction Co., class B common (no par)	\$30 lot
20	Andrews Construction Co., class A non-voting common (no par)	\$27 lot
100	Ninth Bank & Trust Co. (par \$10)	2 3/4
100	Germantown Trust Co. (par \$10)	5
5	Northern Trust Co. (par \$100)	415
15	Swarthmore National Bank & Trust Co., Pa., par \$100	175
3	Gillinder Property, Inc. (no par)	\$10 lot

Weekly Statistics Of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
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	608,985	509,231	84	--
July	509,231	607,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	99	--
October	839,272	831,991	568,204	99	--
November	640,188	649,021	554,417	98	--
December	743,637	760,775	530,459	93	--
1942—Month of—					
January	673,122	668,230	528,698	102	--
1941—Week Ended—					
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	575,629	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	--
Jan. 17	167,846	165,360	525,088	102	102
Jan. 24	161,713	169,735	514,622	101	102
Jan. 31	181,070	167,400	528,698	101	102

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.

War Affecting Trust Business In Many Ways Says Stockton At ABA Annual Trust Conference

The war is affecting the trust business in at least eight different ways, it was asserted on Feb. 3 by Richard G. Stockton, President of the Trust Division of the American Bankers Association, in an address delivered before the 23rd annual Mid-Winter Trust Conference of the Association in New York. Mr. Stockton is Vice-President and Senior Trust Officer of the Wachovia Bank & Trust Co. of Winston-Salem, N. C.

Repercussions of the war upon the trust business, he said, are the loss of trained personnel, priorities on office equipment, air raid and war risk insurance, problems arising in the administration of alien property, the handling of defense bond purchases, investment problems, war taxation, and the effect of the war on private enterprise and property rights. Mr. Stockton also said:

We are all aware that the war and the social upheaval

which preceded it have a profound effect on the trust business. The burdens of administrative changes in trust procedures have been heavy and vexing. But our deepest concern has been over the ultimate fate of the values of which we are custodians. None of us who has reflected on the events of the last 20 years has been able to escape the question of whether or not the institution of private property could survive.

Despite these forebodings, this is not the time to give way to pessimism. A people nurtured in a century and a half of political and economic liberty are certain to tire of the inefficiencies and restrictions which bureaucracy imposes. In the long run, astute private enterprise can surpass any form of governmental management. And the final judgment made by the public will vindicate this truth. It is evident that survival is based on ability to adapt, but it is important to remember that adaptation is not a synonym for surrender.

Turning to the immediate effects of the war on the trust business, Mr. Stockton asserted:

The immediate effect on the trust business has not been as great as with some other lines of business, such as the automobile industry, rubber industry or metal industry. But let us not delude ourselves into believing that we are immune from the impact of war. May I remind you of a few of our problems that have been created or accentuated by war conditions: Many of our institutions have already been affected by loss of personnel to the armed forces or to war industries. This problem will become greater as our military and industrial efforts increase.

Priorities are already affecting office equipment necessary to the conduct of our business, and they will not become less burdensome. Air raid and war risk property insurance became an immediate problem, especially to those of us with trusted real property or investments on the two seaboard.

During the last war the trust institutions of the country were able to render valuable assistance to the Government in the administration of alien property. All money reported as belonging to enemy aliens was required to be deposited in the U. S. Treasury. The banks and trust companies of America are prepared to render a similar service during this present war.

As trust men, one of the most difficult problems facing us during this war period and the post-war period as well, is the matter of investments. The outstanding means of assuring protection and greatest efficiency of capital during these times, in my humble opinion, is strict adherence to sound fundamental principles of investment.

Commenting on "the fiscal policy of the Government and its corollary, taxes," which he said, "in importance it is exceeded only by a will to win the war and our willingness to pay any necessary price for victory," Mr. Stockton stated:

A short time ago the President of the United States in his message to Congress recommended a budget for the coming fiscal year exceeding \$59,000,000,000. It is difficult for most of us to comprehend these astronomical figures of the Federal budget. We realize, of course, that a victorious program in a modern war costs money—and lots of it. But if we win this war by unsound fiscal policy, we shall indeed have won a very hollow and disastrous victory.

As citizens we are ready and willing to make any necessary sacrifice. As trustees we know that thousands of beneficiaries of trust funds—women, children and aged people all dependent upon income—are willing to pay higher taxes. They will gladly reduce their peace-time standard of living to help pay for this war. At the same time, however, they have a right to expect Government—local, State and Federal—to dispense with its peace-time luxuries. As yet there has been little

effective effort to curtail non-essential spending by the Government.

As citizens, and especially as trust men, I think we have two definite obligations:

First, to demand of our Government representatives that all non-essential expenditures be abolished for the duration.

Second, to furnish leadership in our communities in building up local sentiment which will change the old widespread and oft-expressed feeling that "If our community doesn't get the Federal appropriation, some other community will" to one that might be briefly expressed, "If our community doesn't get the Federal appropriation, the fight for victory will."

While we are prone to put on Congress all the responsibility for Federal expenditures, when we are entirely frank with ourselves, we must admit that high pressure and politically strong groups in practically every community in our country should take their full share of the responsibility. Shall we not now exert every influence to turn this pressure towards the elimination of non-defense expenditures? Efforts in this direction in every section of our country, I am confident, would be most welcome to our Senators and Congressmen. Positive and determined action on the part of each one of us is now necessary.

We have many able, sincere men in Congress who have dedicated themselves to this objective of eliminating non-essential spending. The machinery has been set up in what is known as the "Byrd Committee." Our task as citizens is to help them in this effort.

FDR Given Power To Control Wires & Cables

President Roosevelt signed on Jan. 26 the legislation giving him broad war-time powers over the Nation's telephone, telegraph and cable facilities. The measure is similar to the law passed for the same purposes during the World War in July, 1918, and lodges with the President the same power over wire and cable facilities which he has over radio. The House passed the bill on Dec. 19 and Senate approval came on Jan. 19.

The measure specifically provides that if he deems it necessary in the interest of national defense and security, the President may, during a state or threat of war and for not more than six months after the termination of the war or threat of war:

- (1) Suspend or amend the rules and regulations applicable to any or all facilities or stations for wire communication within the jurisdiction of the United States as prescribed by the Commission;
- (2) cause the closing of any facility or station for wire communication and the removal therefrom of its apparatus and equipment; or
- (3) authorize the use or control of any such facility or station and its apparatus and equipment by any department of the Government under such regulation as he may prescribe, upon just compensation to the owners.

The Senate before adopting the bill on Jan. 19 rejected an amendment by Sen. Robert A. Taft (Rep., Ohio), to limit seizure powers to communication properties valued at less than \$10,000,000 except in times of invasion. In reporting this United Press account from Washington Jan. 19 said:

Senator Taft declared that Congress "might just as well adjourn and go home" if it grants arbitrary powers before

they are needed. He said he "doubted" if any requisitioned facilities ever would be returned to private owners.

The fight for passage was led by Chairman Burton K. Wheeler (Dem., Mont.) of the Interstate Commerce Committee.

He said he had been assured by Chairman James L. Fly of the Federal Communications Commission that Government seizure of communications was not contemplated "at present." But, he added, such action may be necessary in areas where the facilities are endangered.

Regardless, "however much we hate war," he said, grants of broad executive power are necessary for its successful prosecution.

He declared that Senator Taft's amendment would prevent the Government from taking over the Pacific Cable Co. The company's cable has been "cut in shreds off Honolulu," he said, and there "may be" Government intent to seize the properties.

NY Chamber Urges Renewed Effort To Get More Federal Bureaus

Governor Lehman, Mayor La Guardia and New York City's representatives in Congress were urged by the Executive Committee of the Chamber of Commerce of the State of New York on Jan. 27 to make a "renewed effort" to induce Federal bureaus which are being crowded out of Washington by the war to move their offices to New York.

Resolutions adopted by the committee said that

"New York City as the nation's largest and most important center of commerce, shipping, transportation, finance and industrial representation generally, has millions of square feet of desirable office space available for rental and offers unequalled facilities and advantages as a location for such Government bureaus and agencies, and has available unexcelled residential facilities in the different rental brackets."

H. Boardman Spalding, Chairman of the Committee, in presenting the resolutions pointed out that the Chamber, in cooperation with the Mayor and his Business Advisory Committee, for several months had been trying to secure greater recognition of the advantages of New York at the national capital, and that other organizations had been working to the same end.

The resolutions, in effect, said the results of these efforts were disappointing "in relation to the many advantages which New York City has to offer to these Washington agencies and their employees."

Gen. Hershey To Speak At New York Luncheon

Brig. Gen. Lewis B. Hershey, National Director of the Selective Service System, will speak here before a Members' Council Luncheon of the Commerce and Industry Association of New York on Feb. 5 at the Astor Hotel, it was announced on Jan. 20. His subject will be "Selective Service in Wartime As It Affects Commerce and Industry," and will include a discussion of the methods and policies of his office incident to a total registration of 24,000,000 men in this country. His address will be followed by a question and answer period in which the Selective Service Director will answer specific questions previously submitted to him by members of the Association. Presiding at the luncheon will be Arthur A. Ballantine, Chairman of the Association's Members' Council. Tickets to the meeting, which will be open to the public, may be purchased at the Association's office at 233 Broadway.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Feb. 6 a summary for the week ended Jan. 31, 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

	Total for week
Week Ended Jan. 31—	
Odd-lot Sales by Dealers:	
(Customers' Purchases)	
Number of orders.....	13,145
Number of shares.....	348,598
Dollar value.....	12,773,000
Odd-lot Purchases by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers' short sales.....	279
Customers' other sales.....	12,314
Customers' total sales.....	12,593
Number of Shares:	
Customers' short sales.....	8,205
Customers' other sales.....	309,047
Customers' total sales.....	317,252
Dollar value.....	10,234,698
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales.....	10
Other sales ^b	74,700
Total sales.....	74,710
Round-lot Purchases by Dealers—	
Number of Shares.....	102,020

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

1941 Cotton Textile Production Set Record

Production by the cotton-textile industry in 1941 set a new record figure of 11,898,000,000 square yards, according to the annual report of W. Ray Bell, President of the Association of Cotton Textile Merchants of New York, delivered to its members on Feb. 5. The report reviewed association's activities in aiding the industry to adjust itself to war requirements, and was followed by the election of directors for the coming year. Saul F. Dribben, of Cone Export & Commission Co., was re-elected to the board of directors. Three new directors were elected: John C. Hughes, of McCampbell & Co.; Gerrish H. Milliken, of Deering Milliken & Co., and Robert D. Williams, of Callaway Mills, Inc. All will serve for three-year terms.

In his annual report Mr. Bell called attention to the fact that the Association of Cotton Textile Merchants "was born in the throes of the First World War," and stated that its initial effectiveness "was thoroughly tested in the problems of war procurement and post-war distribution of surplus textiles." Stressing national responsibility as a basic concern of the organization, as set forth in its constitution, the report called for production of cotton-textile mills "shaped to fit the specialized needs of the armed forces." "It is vital, both for Worth Street and the cotton-textile industry at large," Mr. Bell stated, "that no effort of a voluntary nature be spared in completely satisfying these wants."

Citing the industry's defense and war effort in the past year, the report states that all previous records for spinning activity were broken, cotton consumption reached 10,575,000 bales, and 11,898,000,000 square yards of cloth were produced—2,300,000,000 square yards more than the previous record (1940) and 3,500,000,000 square yards above average annual production for the five years ending with 1939.

Labor Bureau's Wholesale Price Index Resumed Upward Trend for Week Ended Jan. 31

The Bureau of Labor Statistics, U. S. Department of Labor announced on Feb. 5 that commodity prices in wholesale markets resumed their upward movement during the last week of January following the slight reaction of the previous week, as prices for domestic agricultural commodities again advanced. The Bureau's comprehensive index of nearly 900 price series rose 0.4% to 95.9% of the 1926 average, the highest level since September, 1929. In the past 4 weeks the index has risen 1.7% and it is 19% above the corresponding week of 1941.

The Bureau's announcement further said:

The indexes for the farm products and textile products groups rose 1% during the week. Foods and miscellaneous commodities advanced 0.3%; chemicals and allied products and housefurnishing goods, 0.2%; and building materials, 0.1%. Average wholesale prices for fuel and lighting materials declined slightly, while the indexes for hides and leather products and metals and metal products remained unchanged at last week's level.

A sharp advance in prices for cotton, and somewhat smaller increases for barley, corn and wheat, were principal factors in the advance in the farm products group index. Higher prices were also reported for cows, hogs, live poultry, eggs, seeds and for most fresh fruits and vegetables. Quotations were lower for oats and rye, calves and steers, and for oranges. In the past month farm product prices have risen 4½% and are more than 41% above the corresponding week of a year ago.

Prices in wholesale markets for nearly all foods, except meats, continued to rise. Cereal products were up 1.2% because of higher prices for flour and certain bakery products. Sharp increases in prices for bananas and lemons brought the average for fruits and vegetables up 0.4% during the week. Prices were also higher for tea and vinegar, for lard, tallow and butter and for most vegetable oils. Average prices for meats, on the contrary, declined more than 1% with lower prices reported for cured and fresh beef and pork, veal, mutton and dressed poultry. Food prices at wholesale have risen over 2% in the past 4 weeks and are more than 27% above the early February, 1941 level. Average wholesale prices for cattle feed rose 2.2%.

The advance in raw cotton prices to the highest level since the Spring of 1929 again permitted increases in prices for most cotton textiles under the sliding scale ceiling imposed by the Office of Price Administration. Prices for most types of men's woolen and worsted clothing also advanced.

With weakening prices for natural gasoline from the Oklahoma fields there was a decline of 0.1% in the fuel and lighting materials group index.

Slightly higher prices for some types of lumber and for linseed oil and crushed stone resulted in an advance of 0.1% in average building material prices to the highest point since June, 1923. Prices for yellow pine boards, finish, lath and timbers declined.

Higher prices were reported for fatty acids, for soap and for mixed fertilizers and certain fertilizer materials.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Jan. 3, 1942 and for Feb. 1, 1941 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Jan. 24 to Jan. 31, 1942.

Commodity Groups—	Percentage changes to Jan. 31, 1942 from:								
	1-31 1942	1-24 1942	1-17 1942	1-3 1942	2-1 1942	1-24 1941	1-3 1941	2-1 1941	1-31 1941
All Commodities.....	95.9	95.5	95.6	94.3	80.6	+0.4	+1.7	+19.0	
Farm products.....	101.3	100.3	100.8	96.9	71.7	+1.0	+4.5	+41.3	
Foods.....	93.9	93.6	94.1	91.9	73.7	+0.3	+2.2	+27.4	
Hides and leather products.....	115.7	115.7	115.6	115.7	102.6	0.0	0.0	+12.8	
Textile products.....	93.6	92.7	92.6	91.6	75.2	+1.0	+2.2	+24.5	
Fuel and lighting materials.....	78.8	78.9	78.9	79.0	72.6	-0.1	-0.3	+5.9	
Metals and metal products.....	103.6	103.6	103.5	103.4	97.8	0.0	+0.2	+10.2	
Building materials.....	103.6	103.6	103.5	103.3	99.5	+0.2	+1.7	+22.7	
Chemicals and allied products.....	96.7	96.5	95.6	95.1	78.8	+0.2	+0.4	+13.8	
Housefurnishing goods.....	102.9	102.7	102.7	102.5	90.4	+0.3	+1.0	+15.1	
Miscellaneous commodities.....	88.4	88.1	87.9	87.5	76.8	+0.3	+1.0	+15.1	
Raw materials.....	96.4	95.5	95.6	93.4	74.4	+0.9	+3.2	+26.6	
Semimanufactured articles.....	92.0	91.8	91.4	90.3	81.3	+0.2	+1.9	+13.2	
Manufactured products.....	96.4	96.3	96.5	95.5	83.8	+0.1	+0.9	+15.0	
All commodities other than farm products.....	94.7	94.5	94.5	93.7	82.6	+0.2	+1.1	+14.6	
All commodities other than farm products and foods.....	94.7	94.5	94.4	94.1	84.5	+0.2	+0.6	+12.1	

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JAN. 24, 1942 TO JAN. 31, 1942

Increases		Decreases	
Cattle feed.....	2.2	Furniture.....	0.1
Other farm products.....	1.8	Other miscellaneous.....	0.3
Cotton goods.....	1.8	Other textile products.....	0.2
Clothing.....	1.4	Lumber.....	0.2
Other foods.....	1.3	Paint & paint materials.....	0.2
Cereal products.....	1.2	Other building materials.....	0.2
Mixed fertilizers.....	0.7	Furnishings.....	0.2
Grains.....	0.4	Livestock & poultry.....	0.1
Fruits and vegetables.....	0.4	Shoes.....	0.1
Fertilizer materials.....	0.3	Hosiery and underwear.....	0.1
Chemicals.....	0.1		
Meats.....	1.1	Hides and skins.....	0.2
Plumbing and heating.....	0.5	Petroleum products.....	0.2

Trading On New York Exchanges

The Securities and Exchange Commission made public on Feb. 6 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. 24, 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. 24 (in round-lot transactions) totaled 876,220 shares, which amount was 15.70% of total transactions on the Exchange of 2,789,170 shares. This compares with member trading during the previous week ended Jan. 17 of 1,109,540 shares, or 17.60% of total trading of 3,152,210 shares. On the New York Curb Exchange, member trading during the week ended Jan. 24 amounted to 157,970 shares, or 16.39% of the total volume on that Exchange of 481,775 shares; during the preceding week trading for the account of Curb members of 168,210 shares was 17.72% of total trading of 474,745 shares.

The Commission made available the following data for the week ended Jan. 24:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received.....	1,045	750
1. Reports showing transactions as specialists.....	182	93
2. Reports showing other transactions initiated on the floor.....	190	34
3. Reports showing other transactions initiated off the floor.....	196	67
4. Reports showing no transactions.....	581	567

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. 24, 1942

	Total For Week	Per Cent ^a
A. Total Round-Lot Sales.....		
Short sales.....	112,740	
Other sales ^b	2,676,430	
Total sales.....	2,789,170	
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.....	232,960	
Short sales.....	41,130	
Other sales ^b	187,940	
Total sales.....	229,070	8.28
2. Other transactions initiated on the floor.....		
Total purchases.....	122,990	
Short sales.....	26,200	
Other sales ^b	110,210	
Total sales.....	136,410	4.65
3. Other transactions initiated off the floor.....		
Total purchases.....	68,390	
Short sales.....	7,200	
Other sales ^b	79,200	
Total sales.....	86,400	2.77
4. Total.....		
Total purchases.....	424,340	
Short sales.....	74,530	
Other sales ^b	377,350	
Total sales.....	451,680	15.70

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares) Week Ended Jan. 24, 1942

	Total For Week	Per Cent ^a
A. Total Round-Lot Sales.....		
Short sales.....	6,795	
Other sales ^b	474,980	
Total sales.....	481,775	
B. Round-Lot Transactions for the Account of Members.....		
1. Transactions of specialists in stocks in which they are registered.....		
Total purchases.....	45,995	
Short sales.....	4,145	
Other sales ^b	63,420	
Total sales.....	67,565	11.78
2. Other transactions initiated on the floor.....		
Total purchases.....	8,050	
Short sales.....	1,400	
Other sales ^b	10,675	
Total sales.....	12,075	2.09
3. Other transactions initiated off the floor.....		
Total purchases.....	12,660	
Short sales.....	900	
Other sales ^b	10,725	
Total sales.....	11,625	2.52
4. Total.....		
Total purchases.....	66,705	
Short sales.....	6,445	
Other sales ^b	84,820	
Total sales.....	91,265	16.39
5. Odd-Lot Transactions for the Account of Specialists.....		
Customers' short sales.....	0	
Customers' other sales ^c	24,378	
Total purchases.....	24,378	
Total sales.....	17,158	

* 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."

Wholesalers' 1941 Sales Inventories, Credits Rise Over Preceding Year

Sales of wholesalers advanced 31% in 1941 over 1940, according to an announcement by J. C. Capt. According to a Dept. of Commerce release of Jan. 30 this increase contrasts sharply with the 7% gain reported for 1940 over 1939 and the 7% gain in 1939 over 1938. The year had started out with a substantial margin over 1940, up one-fifth at the end of the first quarter. A widening spread brought the margin of gain up to one-fourth by the end of June. In the third quarter of 1941, sales spurred upward, bringing the record to 30% for the first 9 months. This was maintained in the final quarter, so that the year as a whole was 31% above 1940.

Industrial and hard-goods lines registered the stronger gains. Wholesalers of industrial supplies led all other trades with a 66% margin over 1940 sales. They were followed by metals, 62%; electrical goods, 60%; and machinery, equipment, and supplies (except electrical), 59%. Four other trades had advances of over 40%, while 9 additional registered gains over 1940 of 30-39%. Smaller margins over 1940 were recorded by food trades, ranging upward from the 12% figure for dairy and poultry products.

The trades enjoying the greatest gains for the year obtained their lead in the earlier part of the year. December sales for wholesalers of electrical goods, for instance, were 27% over December, 1940, compared with their 60% record for the year. Contrariwise, wholesalers of non-durable consumers goods felt an accelerated pace as the year closed. Beer and liquor trades that had undergone violent fluctuations during the year, ended with sales almost one-fourth above 1940.

Inventories increased during the year in terms of dollars, based on cost value. At the beginning of the year, inventories were about 6% over the stocks on hand one year earlier. Each month during 1941, this margin of gain over 1940 increased, until now inventories are 29% greater than on Dec. 31, 1940. December is the 29th consecutive month during which inventories have gained over the same month of the previous year. During the month of December, sales gained an amount equal to the inventory gain with the result that the stock-sales ratio remained at 148 for both December, 1940, and 1941. This is in contrast to earlier months when sales were gaining more rapidly than inventories, and the stock-sales ratio was falling.

Collections on accounts receivable were more favorable in December than during the same month of last year, and increased seasonally from November, 1941. Collections equaled 84% of accounts receivable as of Dec. 1, compared with collection percentages of 76 for December, 1940, and 75 for November, 1941. Accounts receivable were 23% greater on Dec. 1, 1941, than at the same date in 1940, and 5% below Nov. 1, 1941.

Aid For El Salvador

Secretary of State Hull announced on Feb. 2 the signing of a lend-lease agreement with El Salvador. No official details of the pact were revealed but, according to the New York "Times", it covers both hemispheric defense and trade arrangements and is understood to provide for expenditure of approximately \$1,100,000. This pact is one of a series which have been recently concluded with various Latin-American countries.

Revenue Freight Car Loadings During Week Ended Jan. 31, 1942 Amounted To 815,567 Cars

Loading of revenue freight for the week ended Jan. 31, totaled 815,567 cars the Association of American Railroads announced on Feb. 5. The increase above the corresponding week in 1941 was 101,213 cars or 14.2% and above the same week in 1940 was 157,737 cars or 24.0%.

Loading of revenue freight for the week of Jan. 31 decreased 2,237 cars or 0.3% below the preceding week.

Miscellaneous freight loading totaled 372,350 cars, an increase of 1,906 cars above the preceding week, and an increase of 68,156 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 151,786 cars, an increase of 2,331 cars above the preceding week, and an increase of 502 cars above the corresponding week in 1941.

Coal loading amounted to 155,650 cars, a decrease of 7,149 cars below the preceding week, but an increase of 3,493 cars above the corresponding week in 1941.

Grain and grain products loading totaled 47,629 cars, an increase of 481 cars above the preceding week, and an increase of 17,122 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Jan. 31 totaled 32,147 cars, an increase of 642 cars above the preceding week, and an increase of 13,871 cars above the corresponding week in 1941.

Live stock loading amounted to 11,517 cars, a decrease of 810 cars below the preceding week, but an increase of 1,106 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Jan. 31 totaled 8,479 cars a decrease of 697 cars below the preceding week, but an increase of 819 cars above the corresponding week in 1941.

Forest products loading totaled 48,764 cars, an increase of 1,421 cars above the preceding week, and an increase of 9,230 cars above the corresponding week in 1941.

Ore loading amounted to 13,342 cars a decrease of 761 cars below the preceding week but an increase of 894 cars above the corresponding week in 1941.

Coke loading amounted to 14,529 cars, an increase of 344 cars above the preceding week and an increase of 710 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding weeks in 1941 and 1940.

	1942	1941	1940
Week of January 3	676,534	614,171	592,925
Week of January 10	737,172	711,635	668,241
Week of January 17	811,196	703,497	646,382
Week of January 24	817,804	710,752	650,187
Week of January 31	815,567	714,354	657,830
Total	3,858,273	3,454,409	3,215,565

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Jan. 31, 1942. During this period 109 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JANUARY 31

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	668	570	601	1,618	1,478
Bangor & Aroostook	1,884	2,114	1,884	213	246
Boston & Maine	8,924	7,860	7,626	13,563	12,228
Chicago, Indianapolis & Louisville	1,470	1,466	1,581	2,448	2,194
Central Indiana	35	16	16	72	60
Central Vermont	1,184	1,297	1,307	2,230	2,213
Delaware & Hudson	5,927	6,748	4,957	11,223	8,710
Delaware, Lackawanna & Western	9,057	9,373	8,961	9,919	7,418
Detroit & Mackinac	287	233	233	154	117
Detroit, Toledo & Ironton	2,818	3,108	2,899	1,824	1,864
Detroit & Toledo Shore Line	301	377	297	4,454	3,828
Erie	14,548	13,612	11,754	15,920	14,081
Grand Trunk Western	5,289	5,494	4,653	8,961	8,794
Lehigh & Hudson River	207	144	148	3,163	2,286
Lehigh & New England	1,634	1,601	1,487	1,671	1,461
Lehigh Valley	9,496	9,232	8,406	9,900	7,945
Maine Central	3,511	3,496	3,137	3,523	3,110
Monongahela	6,201	4,836	7,217	440	270
Montour	2,093	1,883	1,911	32	35
New York Central Lines	48,637	44,805	39,936	51,323	44,531
N. Y. N. H. & Hartford	12,708	10,901	9,641	16,972	13,919
N. Y. Ontario & Western	1,023	1,082	1,060	2,425	2,009
N. Y. Chicago & St. Louis	6,501	5,381	5,193	14,812	12,560
N. Y. Susquehanna & Western	575	435	362	1,518	1,611
Pittsburgh & Lake Erie	8,287	7,923	6,484	7,521	6,483
Pere Marquette	6,148	6,128	5,898	6,809	6,311
Pittsburgh & Shawmut	584	509	534	66	30
Pittsburgh, Shawmut & North	443	393	442	330	262
Pittsburgh & West Virginia	923	774	1,101	2,186	2,009
Rutland	553	529	584	1,147	965
Wabash	6,094	5,603	5,600	12,050	10,397
Wheeling & Lake Erie	4,840	4,101	3,467	4,283	3,851
Total	172,850	162,024	149,368	212,770	183,276
Allegheny District—					
Akron, Canton & Youngstown	728	529	401	1,058	1,090
Baltimore & Ohio	39,499	33,840	30,015	23,302	18,968
Bessemer & Lake Erie	3,141	2,800	2,284	1,458	1,887
Buffalo Creek & Gauley	361	303	291	6	5
Cambria & Indiana	1,897	1,926	1,673	14	10
Central R.R. of New Jersey	8,027	6,827	6,405	17,315	12,919
Cornwall	700	591	544	65	60
Cumberland & Pennsylvania	314	314	280	22	26
Ligonier Valley	143	171	181	52	53
Long Island	923	661	546	3,371	2,656
Penn-Reading Seashore Lines	1,754	1,235	1,064	2,011	1,523
Pennsylvania System	81,744	69,667	61,600	57,142	44,869
Reading Co.	16,643	15,886	13,452	24,887	19,783
Union (Pittsburgh)	20,849	19,703	16,700	3,692	3,317
Western Maryland	4,102	3,525	3,427	9,600	8,056
Total	180,825	157,978	138,863	143,995	115,222
Pocahontas District—					
Jones & Ohio	24,581	22,481	23,600	10,517	10,115
Norfolk & Western	21,209	21,674	19,455	6,323	5,808
Virginian	4,125	4,549	4,379	1,924	1,562
Total	49,915	48,704	47,434	18,764	17,485

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Southern District—					
Alabama, Tennessee & Northern	413	344	240	331	202
Atl. & W. P.—W. R.R. of Ala.	958	786	698	2,116	1,680
Atlanta, Birmingham & Coast	784	676	476	1,081	1,146
Atlantic Coast Line	12,916	11,484	9,647	7,993	6,646
Central of Georgia	4,605	5,263	3,509	4,087	3,719
Charleston & Western Carolina	400	449	369	1,732	1,665
Clinchfield	1,695	1,599	1,461	2,923	2,821
Columbus & Greenville	335	294	219	308	322
Durham & Southern	194	184	145	999	597
Florida East Coast	1,344	955	927	1,192	1,148
Gainsville Midland	42	31	32	107	91
Georgia	1,571	1,181	769	2,537	1,799
Georgia & Florida	467	341	243	772	693
Gulf, Mobile & Ohio	4,623	3,559	2,832	3,797	2,854
Illinois Central System	29,714	22,323	22,231	15,248	12,210
Louisville & Nashville	24,447	23,616	23,893	8,955	6,696
Macon, Dublin & Savannah	218	153	155	777	1,203
Mississippi Central	163	151	119	638	361
Nashville, Chattanooga & St. L.	3,726	3,011	2,534	3,809	3,188
Norfolk Southern	1,316	1,167	650	1,308	1,190
Piedmont Northern	514	400	394	1,492	1,543
Richmond Fred. & Potomac	476	366	333	9,009	5,795
Seaboard Air Line	11,321	10,625	8,697	7,995	6,345
Southern System	25,255	23,419	19,439	21,352	16,641
Tennessee Central	616	498	366	833	682
Winston-Salem Southbound	128	141	151	884	732
Total	128,046	112,014	100,729	101,776	81,989
Northwestern District—					
Chicago & North Western	18,471	15,320	14,527	14,742	11,683
Chicago Great Western	2,925	2,376	2,297	3,684	2,909
Chicago, Milw., St. P. & Pac.	23,258	19,849	19,132	9,922	8,742
Chicago, St. Paul, Minn. & Omaha	4,583	4,067	3,784	4,582	3,734
Duluth, Missabe & Iron Range	1,129	908	965	407	1,773
Duluth, South Shore & Atlantic	790	707	567	584	467
Elgin, Joliet & Eastern	10,260	9,826	8,330	10,449	8,553
Ft. Dodge, Des Moines & South	467	417	329	145	143
Great Northern	12,170	9,434	8,608	4,486	2,985
Green Bay & Western	616	522	542	798	698
Lake Superior & Ishpeming	341	252	247	53	57
Minneapolis & St. Louis	2,675	1,542	1,570	2,506	2,073
Minn., St. Paul & S. S. M.	5,984	4,911	5,004	3,700	2,822
Northern Pacific	10,665	9,236	8,410	4,739	3,688
Spokane International	99	102	84	303	204
Spokane, Portland & Seattle	2,434	1,550	1,325	2,680	1,783
Total	96,867	81,019	75,821	63,780	50,714
Central Western District—					
Atch. Top. & Santa Fe System	22,665	17,992	17,809	9,873	7,206
Alton	3,420	2,983	2,719	3,532	2,519
Bingham & Garfield	565	460	421	114	101
Chicago, Burlington & Quincy	18,427	15,107	15,115	10,977	8,638
Chicago & Illinois Midland	3,066	2,587	2,514	847	824
Chicago, Rock Island & Pacific	12,724	10,560	10,265	12,073	9,691
Chicago & Eastern Illinois	2,901	2,991	2,790	3,297	2,966
Colorado & Southern	780	812	879	1,575	1,508
Denver & Rio Grande Western	3,260	2,878	2,883	4,367	2,712
Denver & Salt Lake	749	669	1,045	8	5
Fort Worth & Denver City	1,194	863	884	1,063	922
Illinois Terminal	1,960	1,682	2,028	1,657	1,571
Missouri-Illinois	1,060	775	939	441	396
Nevada Northern	1,906	1,870	1,747	1,446	1,117
North Western Pacific	883	584	485	489	400
Peoria & Pacific Union	21	32	18	0	0
Southern Pacific (Pacific)	27,114	22,955	20,151	9,533	5,995
Toledo, Peoria & Western	304	318	359	658	1,263
Union Pacific System	16,050	13,664	12,988	12,244	8,047
Utah	726	412	486	7	6
Western Pacific	1,926	1,548	1,176	3,255	1,697
Total	121,701	101,742	96,801	76,157	56,587
Southwestern District—					
Burlington-Rock Island	189	130	152	238	245
Gulf Coast Lines	5,335	2,900	3,313	2,789	1,601
International-Great Northern	2,194	1,594			

Fertilizer Ass'n. Price Index Improves

The general level of wholesale commodity prices moved upward during the week, according to the price index compiled by The National Fertilizer Association, which was made public on Feb. 9. In the week ended Feb. 7, 1942, this index rose to 122.0 as compared with 121.8 in the preceding week. A month ago this index was 120.0 and a year ago 99.9, based on the 1935-1939 average as 100.

The rise in the all-commodity index was due principally to advances in food and farm product quotations. The index of industrial commodities registered a small decline. Meat prices rallied last week causing the food index to move to higher levels. The farm product average rose still further as increased prices for livestock more than offset declines in cotton and grains. An advance in the price of linseed oil was sufficient to raise the building material index fractionally. The fertilizer material index, likewise, moved to higher ground. The textile price average fell off during the week after recording 12 consecutive advances; raw cotton, cotton goods, and cotton yarn prices were lower. Decreases in cattlefeed and cottonseed meal quotations were responsible for the decline in the index of miscellaneous commodities.

Price changes during the week were nearly evenly balanced, with 25 price series included in the index advancing and 22 declining; in the preceding week there were 30 advances and 15 declines; in the second preceding week there were 27 advances and 15 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	Preceding Week	Month Ago	Year Ago
25.3	Foods	117.3	117.0	116.3	91.5
	Fats and Oils	135.5	132.7	122.8	73.8
	Cottonseed Oil	158.7	158.7	144.5	72.9
23.0	Farm Products	131.8	131.5	126.2	93.4
	Cotton	182.3	186.8	168.8	96.2
	Grains	120.0	121.1	116.2	84.3
	Livestock	124.5	122.8	120.0	94.0
17.3	Fuels	113.3	113.3	113.0	101.5
10.8	Miscellaneous Commodities	127.3	127.8	126.6	109.8
8.2	Textiles	149.7	150.8	142.7	113.0
7.1	Metals	104.4	104.4	104.0	103.1
6.1	Building Materials	132.0	131.9	131.5	112.7
1.3	Chemicals and Drugs	120.1	120.1	120.1	103.9
.3	Fertilizer Materials	118.0	117.6	116.4	106.0
.3	Fertilizers	114.0	114.0	119.7	104.0
.3	Farm Machinery	103.5	103.5	103.4	99.7
100.0	All Groups Combined	122.0	121.8	120.0	99.9

*Indexes on 1926-1928 base were: Feb. 7, 1942, 95.0; Jan. 31, 1942, 94.9; Feb. 8, 1941, 77.8. †Revised.

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Feb. 9 as follows:

	Argen- tina	Aus- tralia	Can- ada	Eng- land	Jap- an	Mex- ico	New Zealand	Swe- den	Switz- erland	United States
1941—										
January	114	127	126	150	†120	111	119	144	†172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	†152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	†135	†121	†141	†156	†136	†125	†122	†155	194	†136
August	138	121	†142	157	138	127	123	156	196	138
September	†140	122	145	†157	138	†130	†123	156	203	143
October	140	123	143	†158	139	132	126	156	207	†140
November	†142	124	143	158	141	133	124	157	209	141
December	†143	122	†144	†159	---	†139	123	157	---	145
1942—										
January	144	123	146	160	---	140	123	157	---	151
1941—										
Weeks end.:										
Dec. 6	141	122	143	†159	*141	137	124	157	209	142
Dec. 13	†137	122	143	†160	---	139	123	157	*209	144
Dec. 20	†142	122	†143	†159	---	†139	123	157	---	†148
Dec. 27	†142	123	144	*160	---	139	123	157	---	147
1942—										
Jan. 3	142	123	144	*160	---	140	123	157	---	148
Jan. 10	†143	123	146	*159	---	141	123	157	---	150
Jan. 17	145	123	146	*160	---	140	124	157	---	151
Jan. 24	145	*123	147	*160	---	139	123	157	---	151
Jan. 31	145	124	148	*161	---	139	124	157	---	152

* Preliminary. † 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	23 1/2d	23 1/2d	23 1/2d	23 1/2d	23 1/2d
Gold, p. fine oz.	168s	168s	168s	168s	168s	168s
Consols. 2 1/2%	Closed	£ 82 1/2	£ 82 1/2	£ 82 1/2	£ 82 1/2	£ 82 1/2
British 3 1/2% W. L.	Closed	£ 105 1/4	£ 105	£ 105 1/2	£ 105	£ 105
British 4% 1960-90	Closed	£ 115 1/4	£ 115 1/4	£ 115 1/4	£ 115 1/4	£ 115 1/4
The price of silver per oz. (in cents) in the United States on the same day has been:						
Bar N. Y. (Foreign)	35 1/2	35 1/2	35 1/2	35 1/2	35 1/2	35 1/2
U. S. Treasury (newly mined)	71.11	71.11	71.11	71.11	71.11	71.11

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—	U. S. Govt. Bonds	Avg. Corporate rate	Corporate by Ratings				Corporate by Groups		
Daily Average			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Feb. 10	116.70	106.74	116.22	113.70	107.98	91.77	97.16	110.70	113.70
9	116.93	106.92	116.22	113.70	107.98	91.91	97.16	110.52	113.70
7	117.01	106.92	116.22	113.70	107.98	91.91	97.16	110.52	113.70
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.70	113.70
5	117.10	106.92	116.41	113.70	107.80	91.91	97.16	110.52	113.70
4	117.10	106.74	116.22	113.70	107.80	91.91	97.16	110.52	113.70
3	117.16	106.74	116.22	113.70	107.80	91.91	97.16	110.52	113.50
2	117.17	106.74	116.22	113.50	107.80	92.06	97.31	110.52	113.50
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	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
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.50
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1942	118.10	106.92	116.61	114.08	107.98	92.06	97.47	110.88	113.80
Low 1942	116.93	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1941	120.05	108.52	118.60	118.02	109.60	92.50	97.78	112.56	116.40
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.60
1 Year ago	116.51	106.21	117.80	113.31	106.39	90.34	96.69	109.79	113.50
Feb. 10, 1941	116.51	106.21	117.80	113.31	106.39	90.34	96.69	109.79	113.50
2 Years ago	115.45	102.46	115.82	112.37	101.31	84.43	90.63	107.09	111.07
Feb. 10, 1940	115.45	102.46	115.82	112.37	101.31	84.43	90.63	107.09	111.07

MOODY'S BOND YIELD AVERAGES* (Based on Individual Closing Prices)									
1942—	Avg. Corporate rate	Corporate by Ratings				Corporate by Groups			
Daily Average		Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
Feb. 10	3.35	2.84	2.97	3.28	4.29	3.93	3.13	2.97	
9	3.34	2.84	2.97	3.28	4.28	3.93	3.14	2.97	
7	3.34	2.84	2.97	3.28	4.28	3.93	3.14	2.97	
6	3.35	2.83	2.98	3.29	4.28	3.93	3.13	2.97	
5	3.34	2.83	2.97	3.29	4.28	3.93	3.14	2.97	
4	3.35	2.84	2.97	3.29	4.28	3.93	3.14	2.97	
3	3.35	2.84	2.97	3.29	4.27	3.92	3.14	2.98	
2	3.35	2.84	2.98	3.29	4.27	3.92	3.14	2.98	
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97	
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97	
16	3.34	2.83	2.95	3.30	4.28	3.92	3.14	2.97	
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.95	
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99	
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	3.28	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	3.38	2.76	2.89	3.37	4.39	3.96	3.18	2.98	
Feb. 10, 1941	3.38	2.76	2.89	3.37	4.39	3.96	3.18	2.98	
2 Years ago	3.60	2.86	3.04	3.67	4.83	4.37	3.33	3.11	
Feb. 10, 1940	3.60	2.86	3.04	3.67	4.83	4.37	3.33	3.11	

* These prices are computed from average yields on the basis of one "typical" bond (3 1/4% 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.

Lumber Movement--Week Ended Jan. 31, 1942

Lumber production during the week ended Jan. 31, 1942, was 1% less than the previous week, shipments were 5% greater, new business 7% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 21% above production; new orders 41% above production. Compared with the corresponding week of 1941, production was 2% less, shipments 6% greater, and new business 13% greater. The industry stood at 164% of the average of production in the corresponding week of 1935-39 and 161% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 4 weeks of 1942 was 6% below corresponding weeks in 1941; shipments were 3% below the shipments, and new orders 13% above the orders of the 1941 period. For the 4 weeks of 1942, new business was 38% above production, and shipments were 13% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 46% on Jan. 31, 1942, compared with 33% a year ago. Unfilled orders were 30% greater than a year ago; gross stocks were 7% less.

Softwoods and Hardwoods

Record for the current week ended Jan. 31, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

	1942	1941	Previous Week
Mills	459	459	473
Production	221,437	225,476	223,565
Shipments	268,047	252,973	254,966
Orders	311,856	277,107	335,606

	1942	1941
Softwoods	278	94
Production	210,074—100%	11,359—100%
Shipments	255,280—122%	12,767—112%
Orders	296,937—141%	14,919—131%

National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

VOLUNTARY LIQUIDATIONS		
Bank	First National	Amount
Jan. 31—The First National Bank of Oakdale, Pa.		\$75,000
Effective Jan. 30, 1942, Liquidating Com.: John G. King-Smith, R. M. Delaney and John M. Shane, care of the liquidating bank.		
No absorbing or succeeding association.		
Feb. 2—The First National Bank of Sharon Springs, N. Y.		50,000
Effective Jan. 14, 1942, Liquidating Com.: George U. Clausen, John L. Emple and A. H. Samson, care of the liquidating bank.		
No absorbing or succeeding association.		

PREFERRED STOCK ISSUED

Bank	First National	Amount
Feb. 4—The Farmers National Bank of Geneseo, Geneseo, Ill.		\$25,000
Sold locally.		

Moody's Daily Commodity Index

Tuesday, Feb. 3	225.1
Wednesday, Feb. 4	226.1
Thursday, Feb. 5	226.9
Friday, Feb. 6	226.9
Saturday, Feb. 7	226.2
Monday, Feb. 9	226.5
Tuesday, Feb. 10	226.5
Two weeks ago, Jan. 27	227.3
Month ago, Jan. 19	221.8
Year ago, Feb. 10	173.5
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, Jan. 27	227.3
Low, Jan.	

Steel Production Rises—Demand Still Exceeds Output—War Orders Increase Rapidly

The number and tonnage of war steel orders carrying AA to A-3 preference ratings have increased so rapidly in recent months that many steel companies see a complete blackout ahead for steel bookings covered by lower ratings unless these needs are handled by allocation, says the "Iron Age" in its issue of today (Feb. 12). No central authority at Washington, it is believed, has accurate figures showing the overall distribution of steel orders by various priority levels. Some steel companies have found that more than 70% of their rated backlogs carry ratings of A-3 or better. The "Age" further states:

One result of this unprecedented change in steel distribution (concentration of highly rated orders) must result in more allocations, according to some steel analysts. Priority ratings such as A-5 to A-10 are becoming ineffective since such tonnage is being pushed aside for more urgent war material. Complicating the steel distributing problem are the gigantic shell program, the allocation of railroad maintenance of way supplies, the mandatory order to complete 36,000 freight cars by May 1, the great stepup in Naval and merchant ship building and the herculean task of preparing buildings and equipment for an army of several million men.

The Navy Department recently requested bids for manufacture of 50 million shells, requiring upwards of 80,000 tons of cold finished bar steel. Contracts for some of this work have been placed and the remainder is expected to be allocated soon.

Cancellations of non-defense orders continue to reach the steel mills with one company recently dropping several hundred thousand tons of such business. With allocations having already been made for steel to go into the new lake ore carriers, steel producers have received orders for the necessary bars to supplement shape and plate orders previously placed. An additional order has been placed for sheet steel to go into airplane landing mats. A definite decision in the gage of tubing to be used in manufacture of airplane bombs has not been reached, with the Army apparently holding out for an unpopular size and the mills emphasizing the advisability of using a popular size.

Steel ingot production this week rose a point to 97.5% of capacity, according to "The Iron Age" estimates, the highest level since the week before Christmas. This week's gain is due largely to resumption of melting in a number of open-hearths which had been down for repairs, plus a slightly more plentiful supply of scrap in several areas which have been suffering from shortage of this material.

Pittsburgh district steel operations are up one point this week to 97% of capacity while Cleveland gained seven points to 95%, Birmingham rose 3.5 points to 99% and Detroit climbed 1.5% to 107.5%. Southern Ohio is a point higher at 105% and the St. Louis district advanced six points to 81%. The big Chicago steel producing district dipped a half point to 102.5% and Buffalo is 2.5 points lower at 90%. Philadelphia is unchanged at 90.5% while Wheeling remains at 88%.

Several steel centers could lift operations if scrap supplies were ample. Prices of junked automobiles are to be governed by the iron and steel scrap price schedule after disclosure that auto wrecking yards are being purchased on a wide scale for immediate conversion of their scrap for steel plants. The resulting prepared scrap from auto wrecking yards must not exceed ceiling prices delivered to the mills, the OPA said. "Unprepared" scrap is now defined by the OPA to exclude objects requiring dismantling, such as bridges, box cars and junked automobiles. January coke pig iron production dropped to 4,970,531 tons from the record total of 5,012,276 tons in December, 1941. Output slid from 161,686 tons a day in December to 160,340 tons in January. The January operating rate was 99.3% compared with 101.2% in December. There were 217 blast furnaces operating on Feb. 1, producing at the rate of 159,270 tons a day, compared with 216 in blast on Jan. 1 with a production rate of 162,140 tons.

Structural steel awards for the week are estimated at 25,000 tons with new projects totaling 25,500 tons while reinforcing steel awards amounted to 9,450 tons with new projects at 19,410 tons.

Pointing up the predicament of non-integrated steel mills unable to obtain supplies is the announcement at Cleveland by Davey Steel Co. directors that sale of the company has been recommended to its stockholders. "With the finishing departments of the integrated steel companies working well below capacity, they are reluctant to ship steel out of their own plants to another finishing mill," H. L. Berno, President said in explaining the company's decision.

compared with 97.7% one week ago, 97.8% one month ago and 97.1% one year ago. This represents an increase of 0.5 point or 0.5% from the preceding week. The operating rate for the week beginning Feb. 9 is equivalent to 1,622,400 tons of steel ingots and castings, compared to 1,614,200 tons one week ago, 1,615,800 tons one month ago, and 1,567,100 tons one year ago. Weekly indicated rates of steel operations since Feb. 3, 1941, follow:

1941—	May 12	99.2%	Aug 25	96.5%	Dec 8	97.5%
Feb 3	May 19	99.9%	Sep 2	96.3%	Dec 15	97.9%
Feb 10	May 26	98.6%	Sep 8	96.9%	Dec 22	93.4%
Feb 17	Jun 2	99.2%	Sep 15	96.1%	Dec 29	96.1%
Feb 24	Jun 9	98.6%	Sep 22	96.8%		
Mar 3	Jun 16	99.0%	Sep 29	96.9%	1942—	
Mar 10	Jun 23	99.9%	Oct 6	98.1%	Jan 5	96.4%
Mar 17	Jun 30	91.8%	Oct 13	98.4%	Jan 12	97.8%
Mar 24	Jul 7	94.9%	Oct 20	97.8%	Jan 19	97.7%
Mar 31	Jul 14	95.2%	Oct 27	99.9%	Jan 26	97.3%
Apr 7	Jul 21	96.0%	Nov 3	98.2%	Feb 2	97.7%
Apr 14	Jul 28	97.6%	Nov 10	96.6%	Feb 9	98.2%
Apr 21	Aug 4	96.3%	Nov 17	97.0%		
Apr 28	Aug 11	95.6%	Nov 24	95.9%		
May 5	Aug 18	96.2%	Dec 1	97.6%		

"Steel" of Cleveland, in its summary of the iron and steel markets on Feb. 9, stated:

Despite greatly increased consuming capacity for war purposes, supply of steel and iron is more nearly meeting requirements and delays are being reduced steadily.

Some tight spots remain, partly from insufficient supply of semifinished steel, partly from restrictions imposed by the scrap situation. Full co-operation by steelmakers with the War Production Board is eliminating difficulties formerly met and distribution is much smoother. War production is being broadened and subcontracting is on the increase.

A formal revision of the iron and steel products price schedule has been issued by OPA requiring mills to continue to absorb the same freight within their areas as over the past two years and tightening definitions of extras in the price schedule. Contracts entered into before April 16, 1941, when the schedule was issued, if not in conformity with the schedule, may be completed on contract terms only with respect to shipments made before Mar. 15, 1942.

Various announcements by Office of Price Administration have made little essential change in the price situation, only details being involved for most part. In the scrap schedule a premium of \$5 per ton is allowed for cast iron borings for chemical use in explosives manufacture over the price of plain borings. Other changes relate to computation of shipping point prices in New England, a schedule of allowances where vessel movement is involved, closer definition of some grades of scrap, better provision for unprepared scrap originating where preparation facilities are not available and allowances for truck delivery.

Steel movement to Central and South American countries is increasing as a result of the recent OPA order allowing export merchants and export agents to charge above the domestic ceiling. In the case of export merchants a 10% increase is allowed and so-called export agents are allowed 5%. Under the previous order export prices were at the domestic ceiling. The allowance is to apply only to the actual exporter and not to intermediaries.

A slightly easier situation is developing in steelmaking scrap, supply at several centers being increased last week by shipments from remote sources. In other areas some result is felt from the campaign to reclaim tonnage from automobile wrecking yards. Full effect of effort to release material from this source is not yet felt but large shipments are expected to develop in a short time. Meanwhile, open hearths in condition to operate remain idle from lack of scrap and numerous steelmakers are maintaining output on small margin.

Steelworks production last week declined 1 point to 96% in spite of better scrap supply in several centers. Cincinnati gained 3 points to 87%, New England 7 points to 92 and Youngstown 1 point to 88%. Cleveland declined 10 points to 84½%, Detroit 2 points to 85 and Wheeling 11 points to 84%. Rates were unchanged at Chicago, 103; Buffalo, 79½; Pittsburgh, 95; Birmingham, 90; St. Louis, 78; Eastern Pennsylvania, 90.

Coke pig iron production in January, 4,958,785 net tons, was 56,210 tons less than 5,014,995 tons made in December, a decline of 1.12%. The January figure was 6.03% above January, 1941, and 23.21% over January, 1940. At the end of January, 219 stacks were active, one more than Dec. 31, the largest number in blast since September, 1941, when 219 were in service.

Use of bonderized black plate for can ends in place of tin plate bids fair to become general as tin plate makers install equipment for production of this material. Inland Steel Co. is adding equipment for this purpose and other producers are preparing to do so. Tin plate manufacturers have been ordered to reduce use of tin to 1.25 pounds of pig tin per base box of tin plate. Use of tin plate and terne plate is to be restricted by a quota system to be announced later by WPB. Long ternes are not to be used for roofing except on a priority of A-10 or higher.

Automobile production last week totaled 37,125 units, compared with 73,305 the preceding week. Passenger car assembly has ceased under government order and present output is trucks, mainly heavy types, light truck production ceasing Feb. 10.

Composite prices have not been affected by recent actions of the OPA and remain at former levels. Finished steel composite is \$56.73; semifinished steel at \$36.00; steelmaking pig iron at \$23.05; steelmaking scrap at \$19.17.

Electrical Supplies

The SEC has made public the tenth of a new series of industry reports of the Survey of American Listed Corporations. These reports cover the calendar years of 1939 and 1940 and extend earlier reports which generally covered the period 1934-1939. Balance sheets and profit and loss statements, expressed both in dollars and percentages, as well as surplus statements and financial ratios are presented for individual companies and for the industry group as a whole in uniform tabular form which permits easy reference and comparison. The Commission's announcement states:

Report No. 10 covers corporations engaged primarily in the manufacture of electrical supplies and equipment (other than household appliances) which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940.

The 31 companies included in this group are: Cable Electric Products, Inc. Century Electric Co. The Clark Controller Co. Connecticut Telephone & Electric Corp.

Curtis Lighting, Inc. Cutler-Hammer, Inc. Duro-Test Corp. The Electric Controller & Manufacturing Co.

The Leland Electric Co. The Master Electric Co. The Nestle-Lemur Co. Noma Electric Corp. The Ohio Brass Co. Penn Electric Switch Co. Electrical Products Corp. The Emerson Electric Manufacturing Co.

The Gamewell Co. General Electric Co. The A. C. Gilbert Co. Harvey Hubbell, Inc. The Kelley-Koett Manufacturing Co., Inc. Kellogg Switchboard and Supply Co.

Sangamo Electric Co. Sonotone Corp. Square D Co. Wagner Electric Corp. Westinghouse Electric & Manufacturing Co.

Philadelphia Insulated Wire Co. The Potter Co. The Reliance Electric and Engineering Co. Weston Electrical Instrument Co.

The combined sales reported by the group were \$886,000,000 in 1940 compared with \$667,000,000 in 1939. Net profits after all charges totaled \$87,000,000 in 1940 compared with \$63,000,000 in 1939, equivalent to 9.8% and 9.4% of sales, respectively. Total dividends paid out by these enterprises were \$74,000,000 in 1940 compared with \$54,000,000 in 1939. The combined assets for these 31 enterprises totaled \$831,000,000 at the end of 1940 compared with \$739,000,000 at the end of 1939, while surplus increased from \$212,000,000 at the end of 1939 to \$226,000,000 at the end of 1940.

Vaniman On WPB Automotive Branch

Appointment of R. Lawrence Vaniman as Deputy Chief of the Automotive Branch of the War Production Board was announced on Jan. 29 by Ernest Kanzler, Branch Chief. Mr. Vaniman is on leave from the Chrysler Corp., where he is Executive Manager of the African Division.

Mr. Vaniman will maintain liaison between War Production Board offices in Washington and the Detroit headquarters of the Automotive Branch. Mr. Kanzler has opened offices in that city in order to maintain close touch with activities involved in the conversion of the automotive industry to war work.

American AEF At Front Throughout The World

Commenting on the arrival of United States troops in Northern Ireland. President Roosevelt said on Jan. 27 that this was only one of six, eight or ten American expeditionary forces operating in various parts of the world. (The War Department had disclosed on Jan. 26 the arrival of American forces in Northern Ireland, which is part of the United Kingdom, but withheld details of the movement from the United States on the strength of such units.) The President said that the objective in sending troops

to Ireland was for carrying out the war for eventual victory. Mr. Roosevelt also expressed surprise that Prime Minister Eamon de Valera of Eire (Irish Free State) had protested the landing of American troops in Northern Ireland, which is under British control. Mr. de Valera based his objection on the ground that he was not consulted in advance by either the American or British Governments. He also referred to the partition of Ireland 20 years ago when the six counties were cut off from the rest of the country by a British Act of Parliament, "despite the expressed will of the Irish people."

THE "IRON AGE" COMPOSITE PRICES					
Finished Steel		High		Low	
Feb. 10, 1942, 2.30467c. a Lb.					
One week ago	2.30467c.	1939	\$22.61	Sep 19	\$20.61
One month ago	2.30467c.	1938	23.25	Jun 21	19.61
One year ago	2.30467c.	1937	23.25	Mar 9	20.25
		1936	19.74	Nov 24	18.73
		1935	18.84	Nov 5	17.83
		1934	17.90	May 1	16.90
		1933	16.90	Dec 5	13.56
		1932	14.81	Jan 5	13.56
		1931	15.90	Jan 6	14.79
		1930	18.21	Jan 7	15.90
		1929	18.71	May 14	18.21

Steel Scrap					
Feb. 10, 1942, \$19.17 a Gross Ton					
One week ago	\$19.17	1939	\$22.00	Jan 7	\$19.17
One month ago	\$19.17	1938	21.83	Dec 30	16.04
One year ago	\$19.17	1937	22.50	Oct 3	14.08
		1936	15.00	Nov 22	11.00
		1935	21.92	Mar 30	19.02
		1934	17.75	Dec 21	12.67
		1933	13.42	Dec 10	10.33
		1932	13.00	Mar 13	9.50
		1931	12.25	Aug 8	6.75
		1930	8.50	Jan 12	6.43
		1929	11.33	Jan 6	6.50
		1928	15.00	Feb 18	11.25
		1927	17.58	Jan 29	14.08

Pig Iron					
Feb. 10, 1942, \$23.61 a Gross Ton					
One week ago	\$23.61	1939	\$23.45	Jan 2	\$23.61
One month ago	\$23.61	1938	23.45	Jan 2	23.61
One year ago	\$23.61	1937	23.45	Jan 2	23.61

The American Iron and Steel Institute on Feb. 9 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 98.2% of capacity for the week beginning Feb. 9,

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report stated that production of soft coal showed little change in the week ended Jan. 31. The total output is estimated at 11,170,000 net tons, as against 11,260,000 tons in the preceding week.

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite for the week ended Jan. 31 was estimated at 1,096,000 tons, a decrease of 169,000 tons (about 13%) from the preceding week.

Table with 7 columns: Week Ended, Jan. 31, 1942, Jan. 24, 1942, Feb. 1, 1941, Jan. 31, 1942, Feb. 1, 1941, Jan. 30, 1937. Rows include Bituminous coal a, Total, including mine fuel, Daily average, Crude petroleum b, Coal equivalent of weekly output.

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

Table with 7 columns: Week Ended, Jan. 31, 1942, Jan. 24, 1942, Feb. 1, 1941, Jan. 31, 1942, Feb. 1, 1941, Feb. 2, 1929. Rows include Penn. anthracite, Total, including colliery fuel, Comm'l production b, Beehive coke.

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.)

Table with 7 columns: Week Ended, Jan. 24, 1942, Jan. 17, 1942, Jan. 25, 1941, Jan. 27, 1940, Jan. 23, 1937, average 1923. Rows list various states like Alaska, Alabama, Arkansas and Oklahoma, etc.

Total bituminous coal, Pennsylvania anthracite, Total, all coal.

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.

Net Of Class I Roads Passed Half Billion Dollar Mark In 1941, First Time Since 1930

The Class I railroads of the United States in 1941 had an estimated net income, after interest and rentals, of \$500,545,671, according to reports filed by the carriers with Bureau of Railway Economics of the Association of American Railroads and made public on Feb. 5. This was the first time since 1930 that their income exceeded the half-billion-dollar mark.

Operating revenues of the Class I carriers in 1941 totaled \$5,346,699,998, compared with \$4,298,001,598 in 1940, and \$5,280,234,535 in 1930, an increase of 24.4% in 1941 above 1940, and 1.3% above 1930. Operating expenses in 1941 amounted to \$3,664,175,018, compared with \$3,090,173,137 in 1940, and \$3,931,043,991 in 1930.

Net railway operating income, before interest and rentals, in 1941 amounted to \$999,502,930, or a return of 3.79% on property investment, compared with \$682,543,218, or 2.61% in 1940, and \$868,719,483, or 3.36% in 1930.

Property investment is the value of road and equipment as shown by the books of the railroads including materials, sup-

plies, and cash. The earnings reported above as net railway operating income, represent the amount left after the payment of operating expenses and taxes, but before interest, rentals, and other fixed charges are paid.

This compilation as to earnings for 1941 was based on reports from all Class I railroads, representing a total of 232,192 miles.

Class I railroads in 1941 paid \$546,071,034 in taxes, the greatest amount in any year on record. Their tax bill in 1940 was \$396,623,016 and in 1930 it was \$348,538,962.

Twenty-eight Class I railroads failed to earn interest and rentals in 1941, of which seven were in the Eastern District, four in the Southern District, and 17 in the Western District.

Electric Output For Week Ended Feb. 7, 1942, Shows 16.2% 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 Feb. 7, 1942, was 3,474,638,000 kwh., which compares with 2,989,392,000 kwh. in the corresponding period in 1941, a gain of 16.2%.

Table with 5 columns: Major Geographic Divisions, Feb. 7, '42, Jan. 31, '42, Jan. 24, '42, Jan. 17, '42. Rows include New England, Middle Atlantic, Central Industrial, West Central, Southern States, Rocky Mountain, Pacific Coast, Total United States.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Table with 6 columns: Week Ended, 1941, 1940, over 1940, 1939, 1938, 1937. Rows list weeks from Aug. 2 to Dec. 27.

Table with 6 columns: Week Ended, 1942, 1941, over 1941, 1940, 1939, 1938. Rows list weeks from Jan. 3 to Feb. 7.

* Revised.

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

Table with 6 columns: 1941, 1940, over 1940, 1939, 1938, 1937. Rows list months from January to December.

Total for year

Petroleum And Its Products

The shadow of rationing of gasoline fell over civilian motorists in the Atlantic Coast area this week as the Office of Petroleum Coordination notified all major oil companies that the shortage of fuel oil on the East Coast made it imperative that they immediately convert all possible transportation facilities for gasoline and like products to the movement of fuel oil, needed by the Army, Navy and defense industry centers in the East.

The submarine threat which has made coast-wise shipping off the East Coast hazardous with the sinking of more than a dozen vessels, including several tankers in the past few weeks, plus the conversion of an unknown number of tankers to military use has brought about an artificial shortage of fuel oil in the East, and to a lesser degree, on the West Coast also. Late in January, Petroleum Coordinator Ickes said he was considering reviving the plans for the Texas-East Coast pipeline dropped last year because of the steel shortage.

In the wire sent to fifteen oil companies, Assistant Petroleum Coordinator Davies, calling attention to the declining inventories of fuel oil in the East, said that the PCO considered it "imperative" that the companies immediately convert all tankers and other transportation facilities scheduled to move gasoline to the East Coast possible to the movement of fuel oil. He called upon each company "to act accordingly as to all movements under your control and at once."

The industry adopted two actions designed to meet the situation as outlined by Mr. Davies. The industry's marketing committee launched a detailed survey of the individual oil position of each

War Council, until now known as the Petroleum Industry Council for National Defense. The program, approved by the Committee at its regular monthly meeting in the conference room of the PCO, was highly praised by Petroleum Coordinator Harold Ickes. A special committee of the council, headed by W. Alton Jones of New York City as chairman, prepared the outline of the national program.

The committee urged a voluntary program by individual oil companies as preferable to a concerted campaign through a common contributory fund. It will be administered by the council's marketing committee, which plans to distribute to all oil companies in the nation a brochure containing suggestions for participating in the product conservation program through newspaper and magazine advertisements, radio announcements, window cards, windshield stickers, station signs and all other appropriate media. Part of the program will be to help the motoring public to know the steps that are possible to use oil products conservatively and to "care for your car and your country."

A six-point program urging crude oil prices high enough to stimulate exploratory work in the field was returned by the subcommittee of the Petroleum Industry War Council in its report to Petroleum Coordinator Ickes this week. The report stated that adequate prices of crude oil, which give consideration to overall costs, are essential to explorative incentive and to extend the economic life of small wells.

While total crude oil reserves of the United States are estimated at the highest point yet recorded in the industry's history, the report said, it warned that the declining rate of discovery of new oil over the past few years, if continued, will make it increasingly difficult to retain them at levels necessary to supply without waste of reservoir energy large withdrawals required therefrom by the war effort. "The estimated crude oil reserves as of Jan. 1, 1941, namely 19,024,515,000 barrels," the report said, "can only be recovered if production rates are restricted to make the maximum use of the natural reservoir energy in the fields constituting this reserve."

The six points listed in the report approved by the council were:

- (a) That additions to the nation's known oil reserves have shown a declining trend for the past three or four years.
(b) That new reserves are needed to meet indicated consumptive demand without waste.
(c) That there is an indicated trend of increased abandonment of small wells.
(d) That an increased number of wells must be drilled in order to discover the same amount of oil as formerly.
(e) That premiums granted discovery wells in the form of increased allowables are an incentive to exploration.
(f) That retention of present statutory percentage depletion allowance is essential to the above objectives.

The report disclosed that even if unrestricted production were permitted, present reserves cannot be made to yield all their production over the period of years indicated by the ratio of current withdrawals to total reserves. If prudent practices are followed, it continued, withdrawals from presently known reserves will follow a pattern of gradual decline toward marginal well productivity and continue at that rate over a period of years. "The declining rate of additions to total reserves is rapidly approaching the amount currently being withdrawn as production," the report said, "and unless this downward trend is reversed, the total of new discoveries and revisions and additions to old fields can be expected to fall be-

low annual crude oil requirements."

With Texas again providing most of the change, daily average crude oil production for the United States showed a jump of 463,095 barrels during the initial week of February, rising to a new peak of 4,331,395 barrels, "The Oil & Gas Journal" reported on Feb. 10. The former high of 4,329,365 barrels was set last November. Texas, with only one shutdown day, snapped back to show a spurt of 461,400 barrels in daily average crude production. California was the only other major oil producing State to report a higher flow. Stocks of domestic and foreign crude oil in the nation on Jan. 31 were 2,576,000 barrels above the previous week at 250,470,000 barrels, the Department of the Interior reported this week. Domestic crude holdings were up 2,661,000 barrels, with foreign crude holdings dipping 85,000 barrels.

Prices for domestic sales of petroleum products in contracts signed prior to Nov. 10, last, and for export sales of these products covered in contracts signed prior to Jan. 20, last, may be retained until March 1, 1942, under Amendment No. 2 to Price Schedule 88 for petroleum and petroleum products, Leon Henderson, Price Administrator, announced in Washington on Feb. 8. The amendment was issued following a conference between Mr. Henderson and representatives of the Petroleum Industry War Council.

There were no price changes issued 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

Easing off in gasoline prices in the Gulf Coast and midcontinent bulk markets is developing, due in part to fear among some refiners that the tire and automobile rationing will mean curtailed demand for motor fuel. On the East Coast, prices in both the bulk and retail markets are firm with demand holding up well.

As outlined above, it is inventories of fuel oils, so vital to defense plants and Army and Navy needs on the East Coast, that is the chief concern of the Office of Petroleum Coordinator which this week acted to bolster movements of fuel oil from the Gulf Coast, where stocks are accumulating, to the East Coast where they have diminished steadily under the twin influence of heavy demand and submarine-curtailed deliveries.

While East Coast stocks of No. 2 fuel oil are reported too close to the levels existing a year ago in the face of the current record-breaking pace of consumption, it is generally felt that the quick action of the PCO will relieve the situation. With only about two more months to go before the normal seasonal slump develops in the heating oil market, it is reasonable to assume that the East Coast will be able to meet demands between now and then without letting gasoline consumers down too heavily, barring unforeseen developments.

How quickly the industry is adapting itself to the war-time operating conditions facing it on the East Coast is shown in the Ickes report that it moved a record 164,700 barrels of oil daily to the East by railroad tank car during the final week of January,

against total movements of only 560 barrels of crude oil during the entire month of January, 1941. The rail movement reached a total of 5,125 cars, against 4,396 cars, or 141,300 barrels daily, the previous high, set last October.

There were no major changes in the refined petroleum products' price structure posted during the week.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery	
New York—	
Secony-Vac	\$.088
Tide Water Oil .....	.088
Texas .....	.088
*Shell Eastern .....	.088
Other Cities—	
Chicago .....	.06-.06%
Gulf Coast .....	.06-.06
Oklahoma .....	.06-.06%
*Super.	

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery	
New York (Bayonne)	\$.053
Baltimore .....	.054
Philadelphia .....	.054
North Texas .....	.04
New Orleans	4.25-4.625
Tulsa .....	.04%-.04%

Fuel Oil, F. O. B. Refinery or Terminal	
N. Y. (Harbor) Bunker C.	\$1.35
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 .....	.03%

CCC Cotton Sales Program

The Department of Agriculture has announced the basis on which Commodity Credit Corporation will continue the general cotton sales program announced on Jan. 5. Bids for the purchase of cotton will be invited from time to time and will be considered on specified dates, said the Department, which indicated that the first date for consideration of bids will be Feb. 16. The Regional Office of Commodity Credit Corporation at New Orleans, La., will notify persons who have requested such information, the dates for consideration of additional bids, according to the Department, which also had the following to say:

Sales, within the limitation of the quantity specified in Section 381 (c) of the Agricultural Adjustment Act of 1938, as amended, will be made to the highest bidder, subject to the right of Commodity Credit Corporation to reject any bids submitted. All bids must be made on call with seller's right to fix price. Sales during February will be based on New York May future contracts. Prices will be fixed prior to the delivery of the cotton to the buyer. All bids must be submitted on the form specified by Commodity Credit Corporation.

The sale of cotton under this program, the sales for export program, and the sales for new uses program will be limited to 300,000 bales in any calendar month and 1,500,000 bales for the calendar year 1942. Sales by Commodity Credit Corporation during January, 1942, exclusive of cotton sold under the Lend-Lease Act, totaled 298,934 bales.

Those interested in the purchase of this cotton should request the Regional Office of Commodity Credit Corporation, New Orleans, La., to furnish them with the specified bid form and detailed information concerning the terms and conditions of the sale.

Corn Loans, Repayments

The Department of Agriculture reports that Commodity Credit Corporation had made 57,259 loans for \$43,514,319 on 59,588,957 bushels of 1941 crop corn through Jan. 24, 1942. Loans made to date have averaged 73 cents per bushel.

The Agriculture Department also reported on Feb. 3 that 100,599 loans made by the CCC, representing 106,212,375 bushels of 1940 corn and 1938-39 resealed

corn, were repaid from Jan. 1, 1941, through Jan. 24, 1942.

Repayments were made on 63,604,188 bushels pledged under loan in 1938-39 and resealed under farm storage, and on 42,608,187 bushels of 1940 corn. There remained outstanding a total of 161,971 loans on 187,173,816 bushels.

Prices Fixed For New Cars

Price Administrator Leon Henderson announced on Feb. 2 maximum wholesale and retail prices for new passenger cars which may be sold to eligible purchasers under the automobile rationing program planned to begin about Feb. 26. The schedule, effective Feb. 2, establishes retail ceiling prices by using the factory list price as a base and specifies the various charges which the dealer may add. Wholesale prices cannot exceed the highest prices charged for the same make and model during the period Oct. 1 to Oct. 15, 1941.

In determining the maximum retail price for new cars, the order provides that the dealer takes the manufacturers' list price and adds: (1) the Federal excise tax; (2) the actual railway freight charge; (3) 5% of the list price plus the transportation allowance, or \$75, whichever is lower; and (4) of 1% of the list price, or \$15, whichever is lower, for each month that elapses before the car is sold. The 5% or \$75 charge is to cover the cost of handling and delivery and all other services customarily performed by dealers.

In a statement accompany the price schedules, Mr. Henderson said that "the need to set maximum prices for new passenger cars under present circumstances is obvious." He added:

Production of new cars is being discontinued to permit complete conversion of automobile plants over to the large-scale production of war material. Those new cars remaining in dealers' and distributors' hands as of Jan. 1, when the Government froze automobile sales, together with the cars produced by the industry in January, number in excess of 500,000.

Roughly 25% of this amount is being stockpiled for sale in 1943 and after. An undetermined number will be released beginning Feb. 12 to persons who had purchased, but had not obtained delivery, of cars on Jan. 1. The remainder will be sold during the current year to eligible civilian buyers against certificates issued by local rationing boards, and to categories of buyers such as the Army and Navy, who are not obliged to obtain purchase certificates. General rationing is expected to begin in about three weeks.

Under these conditions, OPA feels it essential to protect new car buyers against exorbitant prices, and at the same time recognizes the plight of automobile dealers who will be compelled to hold cars for weeks or months. Today's schedule sets maximum prices that give dealers a reasonable profit and provides for special compensation to offset the dealers' costs of storing cars against release to eligible buyers.

February Food Stamp List

The Department of Agriculture announced on Jan. 29 the list of foods which will be available during February for the purchase with blue stamps by families taking part in the Food Stamp program. The announcement states:

The February food list, containing the same foods as the January list, will continue to supply stamp program participants with a wide choice of nutritious foods such as pork, butter and eggs, and fresh fruits and vegetables of many varieties. Families taking part

in the stamp program can obtain the "blue stamp" foods in local stores in exchange for blue stamps.

The complete list of foods for the period Feb. 1 through Feb. 28, as issued by the Surplus Marketing Administration for all stamp program areas, is as follows: Butter, all cuts of pork (except that cooked or packed in metal or glass containers), fresh grapefruit, pears, apples, oranges, and fresh vegetables (including potatoes), corn meal, shell eggs, dried prunes, hominy (corn) grits, dry edible beans, wheat flour, enriched wheat flour, self-rising flour, enriched self-rising flour, and whole wheat (Graham) flour.

Heads NYC Defense Savs.

Lewis E. Pierson has been appointed by Secretary of the Treasury Morgenthau as Chairman of the Metropolitan Area of the New York Defense Savings Staff, it was announced by Colonel Richard C. Patterson, Jr., Chairman of the State organization. Mr. Pierson will take over the post formerly held by Lewis W. Douglas, who leaves the Defense Savings Staff to serve in London as an associate of W. Averill Harriman in the Government Lend-Lease effort in the British Isles.

Mr. Pierson retired in mid-January from his activities with the Irving Trust Company, of which, for over 43 years, he was successively Cashier, President, Chairman and Honorary Chairman. Mr. Pierson also served as President of the New York State Bankers' Association, the American Bankers' Association, the U. S. Chamber of Commerce and the Merchants Association of New York.

Income Data For 1939

Secretary of the Treasury Morgenthau has made public the first of a series of tabulations from "statistics of Income for 1939, Part 2, Compiled from Corporation Income and (Declared Value) Excess-profits Tax Returns and Personal Holding Company Returns," prepared under the direction of Commissioner of Internal Revenue Guy T. Helvering.

The Secretary's announcement explained:

The returns covered by these tabulations are, in general, for the calendar year ending Dec. 31, 1939. However, a considerable number of returns for a fiscal year, other than the calendar year, ending within the period July 1939 through June 1940, are tabulated with the calendar year returns for 1939. There are also included part-year returns for which the greater part of the accounting period falls in 1939.

The number of corporation income and (declared value) excess-profits tax returns for 1939 is 515,960, of which 199,479 show net income for (declared value) excess-profits tax computation of \$8,826,713,029, while 270,138 show a deficit of \$2,092,147,535, and 46,343 have no income data (inactive corporations). The income tax is \$1,216,450,292, the (declared value) excess-profits tax \$15,805,962, the total tax \$1,232,256,254. The total amount of dividends paid in cash and assets other than corporation's own stock is \$5,746,738,970, of which \$5,562,273,122 is reported on returns with net income and \$184,465,848 on returns with no net income.

Of the 199,479 returns with net income for (declared value) excess-profits tax computation, 170,380 show only income tax liability, 49 show only (declared value) excess-profits tax liability, 26,122 show both income tax and (declared value) excess-profits tax liabilities and 2,928 show no tax liability.

As compared with 1938, the

total number of returns decreased 4,541, or 0.9%, the number of returns with net income for (declared value) excess-profits tax computation increased 29,595, or 17.4%, the number of returns with no net income decreased 31,010, or 10.3%, and the number of returns with no net income data (inactive corporations) decreased 3,126, or 6.3%. The net income for (declared value) excess-profits tax computation increased \$2,300,733,772, or 35.3%, and the deficit decreased \$730,950,192, or 26.7%. The income tax increased \$362,872,361, or 42.5%, the (declared value) excess-profits tax increased \$9,818,326, or 164.0% and the total tax increased \$372,690,687, or 43.4%.

Defense Bond Sales Up

Secretary of the Treasury Morgenthau announced on Feb. 2 that sales of Defense Savings Bonds in January exceeded \$1,000,000,000, more than twice the December total. The Secretary reported that cash receipts at the Treasury from the sale of Defense Bonds in January reached a total of \$1,060,547,000. This record figure for a single month compared with sales of \$528,599,000 in December and was almost four times the average of the seven months preceding the United States' entrance into the war. The January sales boosted the total receipts since May 1 to \$3,597,757,000. Mr. Morgenthau said that the January sales met almost half the cost of the war effort for that month. It should be noted that a large part of the January sales were done by the wealthier purchasers who bought the limit for the whole year. The legal limit on the sale of Series E bonds in one year is \$5,000 and on Series F and G bonds is \$50,000.

Henderson Confirmed As Price Head By Senate

The Senate on Feb. 9 confirmed President Roosevelt's nomination of Leon Henderson as administrator of the Emergency Price Control Act of 1942, which recently became law. The action was taken without debate and without a record vote. The President had submitted the nomination to the Senate on Feb. 2, following his signing of the Act as we reported in these columns Feb. 5, page 584. Mr. Henderson, who is from New Jersey, has been head of the Office of Price Administration, part of the Executive Office of the President, since its creation in April, 1941 and prior to that had headed the Price Stabilization Division of the old National Defense Advisory Commission. Under his new powers, Mr. Henderson is authorized to fix price maximums on selected commodities whenever he believes prices are excessive and threaten the war production program. He also has power to control rents in defense areas.

NYSE Borrowings

The New York Stock Exchange announced on Feb. 4 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Jan. 31 aggregated \$324,558,799, a decrease of \$64,042,495 as compared with the Dec. 31 total of \$388,601,294. The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members or national securities exchanges reported by New York Stock Exchange member firms as of the close of business Jan. 31, 1942, aggregated \$324,558,799.

The total of money borrowed, compiled on the same basis, as of the close of business Dec. 31, 1941, was \$388,601,294.

Foreign Front

(Continued from First Page)

of the issue. The great bastion of Singapore seems destined to fall into Japanese hands.

Nothing is to be gained by minimizing the importance of that circumstance. More particularly even than the concurrent events in the Netherlands East Indies and the Philippines, it threatens the position of the White Man in the Orient. No conceivable event could cost the United Nations more in the Far Pacific than the loss of Singapore, and the course of history will veer sharply in consequence if the defeats at Singapore and elsewhere are not rapidly offset. Even the Chinese, who have been battling the Japanese stoutly for more than a decade, recently served warning that they might have to reconsider their attitude if Singapore fell and the Burma Road were closed.

Up to the end of last week the position of the Singapore defenders was not regarded as too unfavorable. The 60,000 British Empire troops who marched across the causeway from Malaya were believed ample for a protracted defense, and relief for the besieged island was held inevitable. But the Japanese were not in the least inclined to await the strengthening of the island defenses, and they plunged over Johore Strait in force, last Sunday, with the obvious expectation of a rapid and final lethal stroke.

That the British units were well aware of their difficulties was indicated in successive reports that oil had been poured on Johore Strait and set afire, to keep the enemy away. The gigantic naval base on the Strait side of the island apparently was abandoned, since the Japanese guns could prevent its use, and something of a "scorched earth" destruction doubtless was visited upon the base. The grim determination of the Empire units to hold the island at all costs was reflected in scores of dispatches.

But the Japanese crossed first to Ubin Island, at the eastern entrance to Johore Strait, and then landed in force on western points of Singapore Island, where mangrove swamps and jungle growth gave them some cover for their night operations. Australians held the sector and beat savagely against the infiltrating hordes. But the vast airpower of the invaders came into play as daylight returned, and the greatest efforts of the defenders could not dislodge the invaders. Steadily and methodically the Japanese continued to penetrate the island, and it was conceded in London, yesterday, that the defense could not long be maintained.

Nor was the British position in Burma much more favorable. After long and costly attempts, the Japanese resumed their advance in Burma, over the last weekend, and managed to make a crossing of the broad Salween River, some 20 miles inland from the port of Moulmein. The enemy claimed yesterday to be pushing rapidly on toward Rangoon, which is the vital port and terminus for the Burma Road.

Only in China were the Japanese unable to claim sweeping gains, doubtless because the seasoned Chinese also are adepts at the sort of fighting required in the varied Far Eastern terrains. The Chinese Generalissimo, Chiang Kai-shek, swiftly journeyed to the British Indian capital of New Delhi, Tuesday, where he engaged in long conversations with British and Indian officials. Chinese troops were reported moving in vast numbers to the defense of

Burma and India, but just what this signifies in the strange ways of the East remains to be determined.

Bataan Peninsula

Heroic though the defense of Bataan Peninsula has been, there were signs this week that exhaustion is overwhelming the ranks of Gen. Douglas MacArthur and his United States and Filipino soldiers. Enormous reinforcements were landed in the Philippines week by week by the invading Japanese, and before the vastly superior numbers of the aggressors even the intrepid MacArthur cannot hold out indefinitely without reinforcements of his own. Nor were there indications of fresh men and supplies for the beleaguered men on Bataan. The Japanese sea and aerial control in the China Sea seems to preclude help for our gallant forces.

Washington admits officially, in the most recent communique, that the numerous invading troops are bearing heavily against the weary defenders. Thrusts by the Japanese against both flanks of our forces are reported, and the favorite Japanese method of infiltration also is being attempted. Even landings behind the front have been tried by the aggressors, although without success.

Heavy artillery engagements indicate that the Japanese also have been able to emplace big guns along the shores of Manila Bay. Shelling of our island forts in that Bay is reported, and doubtless is intended to hamper any retreat to Corregidor.

Still another unfavorable aspect of the Philippines battle was made known last Friday, when publication was permitted in Washington of the news that the incorrigible rebel, Emilio Aguinaldo, was acting as a "sort of Philippine Quisling," and was endeavoring to persuade the Filipino scouts to desert General MacArthur. The developments, in short, foreshadowed an early end of the valiant defense, which far exceeded the expectations of military experts in the United States. All that General MacArthur could accomplish, in the given circumstances, was to delay the enemy, and more than two months of superb defense have attested the spirit of our forces.

East Indies

As in other regions of the Far East, the Japanese this week continued their advances in the Netherlands East Indies and the islands to the eastward which are under British and Australian dominance. Immense losses in men and ships were suffered by the invaders, according to all accounts of the United Nations, but this did not deter the men from Nippon. The drive toward the principal islands of the East Indies was continued, and some of the points captured by the invaders threaten the more direct supply lines from the United States to the defenders.

Amboina, the second naval base of the Netherlands in the East Indies, fell to the Japanese, and Surabaya was attacked again and again from the air. Batavia, capital of Java, was raided in the manner that suggested a Japanese intent to "soften up" the city for an invasion attempt. Macassar, at the southern tip of Celebes Island, and Bandjermassin, on the southern coast of Borneo, were attacked and presumably occupied. In New Britain Island, far to the east, the Japanese extended their gains, and will be able from that point to control shipping through Torres Strait, between Australia and New Guinea.

The Netherlands High Com-

mand at Batavia, with typical and admirable Dutch honesty, admitted that Japanese raids against the main naval base at Surabaya occasioned considerable damage. They also made it evident that airfields were blasted here and there by the enemy. This fort-right attitude made it clear that heavy reinforcements must be sent to the East Indies without delay, if the Japanese are to be prevented from occupying the rich chain of islands.

It is bitterly evident, of course, that the Japanese will intensify their drive against the Netherlands Indies immediately upon the fall of Singapore and Bataan Peninsula. If the great British and American bastions are taken by the enemy, vast numbers of troops will be released for the invasion attempt. The result of two months of fighting in Malaya and the Philippines hardly encourages optimism as to defense of the East Indies, if fresh Japanese forces are released for attack.

Since more than two months now have passed since the Japanese attacks, it would appear that aerial reinforcements ought to be on hand in United Nations posts in the Far East. Pursuit planes have to go by way of merchant shipping on the high seas, and they are indispensable for the sort of fighting now in progress. Some of these fast ships are reported in action, but it would seem that the number is terribly inadequate, as yet.

Another mystery of the Pacific war is posed by naval action and widely divergent reports of recent clashes. The Japanese Command claimed with great circumspection, last Saturday, that the Asiatic Fleet of the United Nations had been engaged by Japanese warships, which sank two Netherlands cruisers, while damaging a third and also an American cruiser. Knowledge of this action has been denied by the United Nations. The Dutch claimed, on the other hand, that a Japanese cruiser was sunk in the Amboina battle, and another damaged.

Atlantic Sinkings

Untoward events added sharply in recent days to shipping losses suffered by the United States in the Western Atlantic, and the torpedoings by German submarines continued in the meanwhile. The losses now include the former French luxury liner Normandie, which was partially burned at her pier in New York harbor Monday, and finally turned on her side and settled into the mud. Less spectacular, but equally significant, was the admission last Saturday that our submarine, S-26, had gone down off Panama, Jan. 24, in an unfortunate accident, with all hands lost. The submarine collided with another American naval vessel as it surfaced.

Loss of the Normandie, which presumably will be temporary, is the greatest single merchant shipping loss of the war. The 83,423 ton vessel was taken over by the United States last December, and was being converted to military uses. Fire started accidentally, according to official accounts, and spread rapidly in the superstructure, while large forces of workmen were engaged in readying the vessel for her new career. Early on Tuesday the ship turned slowly on her side and rehabilitation plainly will be a long and laborious matter.

In the Battle of the Atlantic the German U-boats continued to sink American and other ships at a rate that probably surpasses the admitted sinkings. The freighter San Gil and the tanker India Arrow were added late last week to the list of known sinkings,

while week-end reports indicated that the large Swedish merchantman Amerikaland, and the U. S. tanker China Arrow also had gone down. The German radio previously had reported the Amerikaland sunk, according to an account in the New York "Times" of last Sunday, and also mentioned sinkings of the Empire Wildebeeste, the Traveler, the Tacoma Star and the Trontolite.

British authorities, who apparently are more accustomed than our own to taking the public into their confidence, admitted much concern over the sizable sinkings of ships on the Western side of the Atlantic. Sinkings of United Nations vessels were estimated by London to have exceeded in January the records of the previous six months, although they were still below the figures for January, 1940. In waters around Great Britain the battle was said to be going well, and it was assumed that much of the German submarine strength was concentrated off the Atlantic Coast of America.

Northern Africa

Few changes occurred this week in the military situation along the battle fronts in Northern Africa, but there were obvious expectations everywhere of new developments which might widen this area of conflict to include the entire region from French West Africa to the Middle East. British spokesmen made no secret of their belief that a vast German and Italian force has been assembled to strike against all United Nations units in the Mediterranean. If such an attack develops it will, of course, lift the Northern African front into immediate prominence as one of the decisive battlefronts of the gigantic struggle.

London reports emphasize that the Axis is likely to stage a huge Spring offensive against Gibraltar and Suez, and it may be assumed that this impression has been gained on the basis of reliable information regarding troop, airplane and other concentrations of the Axis. If the British estimate of the situation is correct, the answer thus is supplied to the question of the recent disposition of the German air force, most of which was withdrawn from the Russian theater early in the winter. Sharply intensified diplomatic negotiations between Washington and the Vichy regime in unoccupied France may also find their real explanation in this prospect, since French African territory would be vital for the Axis effort.

That German and Italian mechanized units in Africa have been heavily reinforced is obvious, in the light of the remarkably swift recovery by the German General Erwin Rommel of ground lost to the British Empire units. Axis columns continued their advance, which now has been in progress for three weeks, and are currently reported some 40 miles from Tobruk. The precise combat area appears to be somewhat uncertain, owing to the vast maneuvers of the mechanized forces over great stretches of desert. Some British spokesmen said early this week that the Axis drive had been halted by British units, while others said that it had "spent itself."

No major battles have been reported so far this week in Northern Africa, which may well mean that both sides are jockeying for positions. The next phase of the campaign, it may be, will develop both eastward and westward from the supply depots of the Axis in Tripolitania. That the British expect a heavy thrust against Gibraltar was revealed incidentally, in reports of a bomb explosion at Tangier, last Friday, in which a number of Britons were killed and wounded. According to dispatches from Tangier, a partial

evacuation of Gibraltar was in progress.

Observers in neutral Switzerland gained the impression that the German Nazis were preparing frantically for a gigantic Spring drive toward the Middle East, with the oil of the Caucasus and the Mosul field the real aim. The German Air Marshal, Hermann Goering, spent several days in Italy, late last week, conferring with Premier Mussolini and other Italian officials. Aerial bombing of the British island fortress of Malta in the Mediterranean was continued by the Axis without abatement.

British dominance of much of Africa was attested, meanwhile, by several incidents in Egypt and Ethiopia. Cairo, the Egyptian capital, reported the formation of a new Cabinet headed by Mustafa Nahas Pasha, who is said to favor the British. The Cabinet crisis was attended by open British assertions that the loyalty of King Farouk is not above suspicion. In Ethiopia the British are to maintain military missions, magistrates in the courts and otherwise are to hold the reins, under a treaty announced in London last week, which also provided Emperor Haile Selassie with a British advance of \$2,500,000.

Reich and Russia

Military developments on the vast front in Eastern Europe currently are veiled in deep obscurity, with the voluminous Russian reports and claims not actually much more informative than the laconic German announcements that heavy fighting continues. The front apparently is fluid, and the deep winter weather probably dominates operations on both sides. Moscow asserts in stentorian tones, however, that the Red Army is beating back the Germans rapidly. It is to be hoped that the claims are justified.

If the Russian claims are exaggerated, there is no just criticism that can be advanced in the United States. In Washington dispatches, late last week, it was conceded that our deliveries of war materials to Russia in the last three months were less than half of the promised supplies. Britain was said to be keeping much nearer to schedule in the shipment of equipment to the Red Army.

Russian units were reported from Moscow to be pushing on over the snows of the forests and plains toward the former Russian frontier with Latvia. Smolensk was said to be virtually in the grasp of the Red forces, and the environs of Kharkov were reported reached. A vast effort was made to dislodge the Reichswehr from fortifications near Leningrad. Cavalry and ski troops stood the Russians in good stead in these maneuvers, it appears. Extraordinary losses were visited upon the Germans in all engagements, Moscow added, and the Russian people were informed that the hour is near when the occupied provinces will be returned to Russian sovereignty. Three of these provinces were said on Tuesday to have been entirely cleared of German forces.

German announcements on the fighting remained extremely brief, but claims were advanced on occasion that sizeable bodies of Red Army troops had been defeated. Stiffening resistance of the Reichswehr finally was admitted even in Moscow. Moreover, the Germans continued their sieges of Leningrad and Sevastopol, and held tenaciously to the important Donets town of Kharkov.

A curious sidelight on this struggle was supplied by the former British Ambassador to Russia, Sir Stafford Cripps. Writing and lecturing daily in his own country, Sir Stafford has been presenting Russian Communism in the most favorable possible light. He also suggested that Germany

will resume the offensive on the Russian front next May, and urged that much material assistance be sent to Russia.

Western Europe

Hardly any activity was noted this week in the direct fighting between British and German forces in Western Europe, but it was evident that intensive preparations were being made everywhere for fresh campaigns. The perilous British position at Singapore and in Burma kept Europe in the background. A Pacific Council finally was set up in London, Monday, in which the member nations of the British Commonwealth and the Netherlands will collaborate. Washington is to be the military nerve center of the United Nations, and adequate contact is to be maintained among all groups.

Recent criticism of the British Cabinet occasioned some modest changes in London, last Thursday. Lord Beaverbrook was given the newly created War Cabinet post of Minister of War Production, while Sir Andrew Rae Duncan was named as Minister of Supply, to succeed Lord Beaverbrook. Numerous less important shifts also were effected. It is generally believed that the new difficulties which Britain now faces in the East, along with all other United Nations, will cause still more questionings in the House of Commons, and perhaps some more emphatic Cabinet changes.

The German side of the picture assuredly is no better than that of the United Nations. Little information is permitted to seep through the Reich lines, however, other than reports of a curious succession of deaths among the highest German military groups. The latest of these was the "accidental" death of Major General Fritz Todt, Minister of Munitions, on the German Eastern front, reported Monday. The German Propaganda Minister, Paul Joseph Goebbels, is busy explaining to the German people why they are grumbling.

Aerial fighting over the Atlantic and the North Sea apparently was modest in recent days, possibly because of bad weather conditions. London reported last Saturday the successful repulse of German air attacks on a conveyer. Both sides engaged in modest bombing of objectives, such as ports and industrial establishments. London admitted on Sunday the loss of the destroyer Matabele, 1,870 tons, this sinking probably corresponding to a previous German announcement of a British destroyer sinking in the Atlantic.

France-Spain-Portugal

Political leaders of unoccupied France and of Spain and Portugal were reported yesterday to be arranging conferences at which they might discuss their respective and mutually unhappy positions as "neutrals" in a Nazi-dominated Europe. Such gatherings are not to be regarded lightly, especially at such moments as the present one when the United Nations appear almost everywhere to be on the defensive. The collaboration of the Vichy regime in France and the fascist government in Madrid with the Axis is altogether likely to increase, especially when the Nazis and their Italian associates are making military progress in Northern Africa.

London dispatches made it clear, late last week, that unoccupied France was receiving fresh attention, in the light of alleged evidence that food, gasoline and other military stores were supplied by Vichy to the German and Italian forces in Africa. Washington also was reported to be much concerned over the trend.

That fresh developments are

brewing is made clear by reports that Marshal Petain is journeying from Vichy to Madrid, in order to confer with Spanish authorities. Portuguese officials also are said to contemplate a visit to Madrid. In all probability this reflects added pressure by the Germans throughout the Iberian Peninsula, and the sad fact must be recognized that the hold of the Reichswehr upon much of Continental Europe may incline the three nations to comply with Nazi demands.

From Washington

(Continued from First Page)

there is developing a thought about the domestic economy. The fact that it is developing among the Dollar-a-year men as a whole, would not be significant. But it is developing among the Dollar-a-year men who have heretofore been playing ball with the New Dealers and who are still getting their economics from New Dealers.

Of even more significance, is the rather pronounced feeling among the Bureaucratic "thinkers" that perhaps the entire closing down of the automobile industry was too drastic. Moving around Washington you get the impression, now that the agitation against the industry is fairly over, that there is a fright among those responsible for it. Maybe the striking down of the industry in one fell swoop was too much, they now say. In this connection something I have written here before, to the effect that Leon Henderson considered the thing to do was to cut the industry down completely and slowly begin its rebuilding from the ground up, is pertinent. He recalled at the time, now the New Deal had struck down the banking industry in 1933 and rebuilt it from the bottom (under such a rigid government control that there is a question as to what function the majority of the banks in this country now perform.) Unmistakably, from now on, there is to be a fight for the control of the automobile industry, in the rebuilding, but what is interesting is that in New Deal circles, there is a fright about the near future political problems that have been entailed. The fear is that when farmers operating second-hand cars, when countless other citizens operating second hand cars, when the millions of workers depending upon automobiles for their transportation, come to be inconvenienced, find themselves utterly without cars, or having cars, without places to get gas or tires or repairs, they will begin to ask questions. It won't be as easy to "re-build" the automobile industry because Washington newspapermen, visiting Detroit a couple of weeks ago at the invitation of the automobile manufacturers, have returned to tell how the industry has torn out its automobile production lines, torn them out completely, and are diverting to war goods. Well, unlike the President's issuing an order which reopened the banks, this can't be done to the automobile industry.

The havoc having been done, frankly I get quite a bit of pleasure out of reporting that among the few times since the New Dealers came to Washington there is a worry among them, including the Dollar-a-year men who went along with them for reasons of their own, that more has been bitten off than can be chewed.

A relatively young clerk of Congressman Ham Fish has just been sentenced to jail because he was supposed to have had to do with the dissemination of Hitler propaganda in this country. It is difficult to see how Hitler personally or any of his agents could do a better job than is being done in Washington today by the happenings in the bureaucracy.

There is a tremendous furore about Mrs. Roosevelt's putting the

actor Melvyn Douglas, and the dancer, Chaney, or something like that, in the Office of Civilian Defense. One hears taxicab drivers discussing it, making disparaging remarks about how they are going to do everything they can to avoid serving in the armed forces, how they wouldn't subscribe to a defense bond. Mrs. Roosevelt has made it clear that she will fight back. The usually dignified Mark Sullivan, expressing all the indignation at his command, ask how on earth Mrs. Roosevelt got in the OCD in the first place. Perhaps, he says, she walked in and imposed herself on Mayor LaGuardia, against whom the agitation has been so pronounced that he is virtually out. Mrs. Roosevelt, as clever as she is, in the long run, is likely to confound her Congressional and editorial critics by bringing in extraneous matters.

In order that you will know what is going on in Washington, the facts are these:

LaGuardia, being a politician, began working on Mr. Roosevelt early in the Presidential campaign of 1940, for a place in the defense set-up. A politician must keep in the headlines. The headlines had swept at that time, with the "defense" program. Therefore, a politician, to keep in the headlines had to get in on this show. LaGuardia was to be a candidate for reelection in November of 1941. It was his original idea that the country needed an organization to make the people "war conscious." The way to make them "war conscious" according to LaGuardia, was to put uniforms on them, make them a part, in some way, of the war endeavor. It took him at least four months to sell this idea to the President who is an adroit politician himself. This writer knows of at least three conferences which LaGuardia had with the President and came away from the White House burning up because he had not been able to sell his idea. Finally, the President gave him the go-ahead and another bureau came into being in Washington's bureaucracy. About this time, Frank Knox had persuaded the President to let Col. "Wild Bill" Donovan, although a Republican, get in on the show. So the President finally told him he could have an organization to be known as "Coordinator of Information" (COI). With such indefinable bureaucratic set-ups, it is up to ambitious men to go out and create a function. Before even creating this function they go to Congress and get hundreds of thousands of dollars for their operations, Congress being what it is today. Donovan, thinking he could be everything that the OCD, the OFF and the Censorship Office is, if he moved fast and skillfully in the bureaucratic maze, thought it would be a ten spot to take Jimmy Roosevelt on his staff. This would give him contact with Father Roosevelt. LaGuardia saw this and moved quickly to offset it. He appointed Mrs. Roosevelt to his set-up. Mrs. Roosevelt has long had ideas on what she calls "universal service" on the part of the people. The business of preparing people for possible bombing raids is deeply subordinate in her mind. But she does think people should be "organized"—for visiting one another, for dancing together, for playing games together, for eating together, singing together—that we should be just one nappy family of 130,000,000 people, presumably gathering for her occasional visits, going to the doctor en masse, to church en masse, to her lectures en masse.

So she set out to make LaGuardia's OCD creation a vehicle for this. On the question of possible bombings, she may or may not feel as lightly as did the members of Lord Beaverbrook's mission recently over here. Our talk about bombings and our efforts at precautions against them, amused the members of this mission no end. It was not that they thought

a bombing inconceivable. But they couldn't understand such nationwide frantic activity in view of the remoteness of a bombing and the relatively insignificant damage which such a bombing could effect. It may or may not have been their amusement which caused the White House to ask Washington newspapermen not to print the fact that within a few hours after Pearl Harbor, half of Pennsylvania Avenue, in front of the White House, was being torn up for the purposes of erecting a bomb shelter for the White House—and the Treasury.

To make the Washington picture even more ridiculous, there is the fact that out of the melee between Donovan and LaGuardia, some alphabetical letters were given to Archibald MacLeish, the poet-librarian. The letters "OFF" were allotted to him, the open sesame to Congressional appropriation went along with it. Newspapermen, publicity men—others seeking jobs—pursued MacLeish for weeks and weeks trying to ascertain just what his organization was to do and the man frankly explained that he had very little idea. But he knew one thing: He was going to build up a staff. Some of the best known writers in the country were accumulated and some of these fellows would say:

"I want to do my bit, but I don't want to come to Washington and just sit around. What can I do if I join up with you?"

Archie would assure them that although his jurisdiction was not defined just yet, the men joining him could be assured that they would go places.

In the meantime, it was suggested that a possible field for him might be to "coordinate" the utterances of the Washington bureaucrats. It was pointed out that one official was liable to say one thing on the radio one night and the same night, another official would be saying something different. Archie thought that was a good idea but he didn't see how he could possibly attain the estate of censoring the speeches of cabinet members. But he went to work on that possibility—with the backing of Felix Frankfurter—and the high priced writers whom he brought in were pressing him to be "vigorous" and to assert himself. Lo and behold, he has finally wangled a White House order calling upon the cabinet members and the other governmental big shots to submit their speeches to him and his high priced magazine writers, some of whom have very "liberal" views. It will be good; it will be amazing, if he gets by with it.

It is not without significance that in the White House order giving him this authority, Frank Knox was made the goat. The necessity for having this uniformity of official utterances, the Washington correspondents were told, could be seen in the "terrible blunder" which Knox made in a speech which terribly riled the Australians and the Chinese, the latter particularly. It was that famous speech that Hitler was our No. 1 enemy and had to be licked first.

The fact is that this has been Mr. Roosevelt's policy and there is a serious question as to whether he has been even yet definitely weaned away from it. But it is a politically bad sign for Knox that he was made the goat. Heretofore, he has been one man who "talked up" to Mr. Roosevelt. On two or three notable occasions, he has said point blank that he had a paper to go back to in Chicago and was ready to do it if anything was put over on him. But Pearl Harbor has intervened. Knox would not like to pull that bluff now. Before Pearl Harbor, much political capital could have been made out of Knox's resignation. The situation was so bad that this man who was so patriotic, that as a Republican he came into the cabinet in the midst

of a campaign, couldn't stand for it. That is the way it would have seemed then.

Now, if he were to leave the cabinet, the New Dealers could do a job on him, pin Pearl Harbor on him, perhaps. He's come to be in a hole and the humiliation he is likely to suffer from now on is nobody's business. Watch out for Stimson.

Dec. Sales On Exchanges Up 104% In Market Value

The Securities and Exchange Commission announced that the market value of total sales on all registered securities exchanges for December, 1941, amounted to \$1,220,311,576, an increase of 104.3% over the market value of total sales for November and an increase of 46.7% over the market value of total sales for December, 1940. Stock sales, said the Commission's announcement, excluding right and warrant sales, had a market value of \$1,085,447,498, an increase of 113.3% over November. Bond sales were valued at \$134,712,225, an increase of 52.5% over the November value. The market value of right and warrant sales for December totaled \$151,853, involving 594,785 units. The Commission's announcement further said:

The volume of stock sales, excluding right and warrant sales, was 62,081,189 shares, an increase of 134.5% over November. Total principal amount of bond sales was \$277,037,925, an increase of 72.0% over November.

The two New York exchanges accounted for 92.6% of the market value of total sales, 91.7% of the market value of stock sales, and 99.7% of the market value of bond sales on all registered securities exchanges.

The market value of total sales on exempted securities exchanges, excluding Honolulu Stock Exchange, for December, 1941, amounted to \$716,623.

Pass Defense Housing Act

Legislation authorizing an appropriation of \$450,000,000 for housing and community facilities in war production centers was signed on Jan. 21 by President Roosevelt. The bill authorizes \$300,000,000 for approximately 75,000 houses for defense workers in many sections of the country and \$150,000,000 for school, health and similar facilities. These authorizations raise to \$900,000,000 the Government's defense housing program, since the same amounts were voted last year.

The House originally passed the bill on Dec. 11 and the Senate on Dec. 19. However, due to differences the two measures were sent to conference and this report was approved by the Senate on Jan. 14 and the House on Jan. 15, thus completing Congressional action.

Jones Gets Mutual Post

The Mutual Life Insurance Co. of New York has announced the appointment of Rufus H. Jones as a member of the Executive Department to take charge of agency publicity, and to participate in other publicity and advertising activities of the company. Prior to joining the Mutual Life organization, Mr. Jones was associated with McCann-Erickson, Inc., New York advertising agency, as copywriter and account executive. From 1935 to 1940, he was connected with the advertising firm of Doremus & Co., serving the New York office of this agency in both its copy and publicity departments. Previous to that time he was a member of the editorial staff of "Barron's Magazine" in Boston. In addition to his work in publicity and advertising, Mr. Jones has contributed many articles to the "Saturday Evening Post" and other magazines.

Admiral Land To Head New WSA

President Roosevelt on Feb. 9 created a War Shipping Administration, in order to assure the most effective utilization of the shipping of the United States in the war effort, and named Rear Admiral Emory S. Land, Chairman of the Maritime Commission, as head of the new agency. Under the executive order, Admiral Land is empowered to requisition all ocean vessels, not belonging to the services or engaged in coastal transportation under the control of the Office of Defense Transportation; allocate vessels for use by the United States and by the governments of the United Nations; provide marine insurance and reinsurance against loss or damage resulting from the war; establish the conditions for receiving priorities; represent the United States in dealing with the British Ministry of War Transport and with similar agencies of the allied countries on shipping matters and maintain current data on shipping under construction.

Establishment of the War Shipping Administration is in line with the joint United States-British announcement of Jan. 27 creating three boards to deal with munitions assignment, shipping adjustment and raw materials (see issue of Feb. 5, page 572).

The text of the President's order follows:

By virtue of the authority vested in me by the Constitution and statutes of the United States, including the first War Powers Act, 1941, approved Dec. 18, 1941, as President of the United States and Commander in Chief of the Army and Navy, and in order to assure the most effective utilization of the shipping of the United States for the successful prosecution of the war, it is hereby ordered:

1. There is established within the Office for Emergency Management of the executive office of the President a War Shipping Administration under the direction of an Administrator who shall be appointed by and responsible to the President.

2. The Administrator shall perform the following functions and duties:

A. Control the operation, purchase, charter, requisition and use of all ocean vessels under the flag or control of the United States, except (1) combatant vessels of the Army, Navy and Coast Guard; fleet auxiliaries of the Navy, and transports owned by the Army and Navy; and (2) vessels engaged in coastwise, intercoastal and inland transportation under the control of the Director of the Office of Defense Transportation.

B. Allocate vessels under the flag or control of the United States for use by the Army, Navy, other Federal departments and agencies and the governments of the United Nations.

C. Provide marine insurance and reinsurance against loss or damage by the risks of war as authorized by Title II of the Merchant Marine Act, 1936, as amended.

D. Establish the conditions to be complied with as a condition to receiving priorities and other advantages as provided in Public Law 173, 77th Congress, approved July 14, 1941.

E. Represent the United States Government in dealing with the British Ministry of War Transport and with similar shipping agencies of nations allied with the United States in the prosecution of the war, in matters related to the use of shipping.

F. Maintain current data on

the availability of shipping in being and under construction and furnish such data on request to the Departments of War and the Navy, and other Federal departments and agencies concerned with the import or export of war materials and commodities.

G. Keep the President informed with regard to the progress made in carrying out this order and perform such related duties as the President shall from time to time assign or delegate to him.

3. The functions, duties and powers conferred by law upon the United States Maritime Commission with respect to the operation, purchase, charter, insurance, repair, maintenance and requisition of vessels, and the issuance of warrants with respect thereto, under the Merchant Marine Act of 1936 as amended, 49 Stat. 1985, Public Law 101, 77th Congress, approved June 6, 1941, and Executive Order 8771 issued pursuant thereto, Public Law 173, 77th Congress, approved July 14, 1941, are hereby transferred to the Administrator; and such part of existing personnel of the United States Maritime Commission together with such records and public property as the Administrator may deem necessary to the full exercise of his functions and duties prescribed by this order are hereby assigned to the War Shipping Administration.

4. Vessels under the control of the War Shipping Administration shall constitute a pool to be allocated by the Administrator for use by the Army, Navy, other Federal departments and agencies, and the governments of the United Nations. In allocating the use of such vessels the Administrator shall comply with strategic military requirements.

5. For the purpose of carrying out the provisions of this order, the Administrator is authorized to utilize the services of available and appropriate personnel of the United States Maritime Commission, the War and Navy Departments, the Bureau of Marine Inspection and Navigation of the Department of Commerce, and other Government departments and agencies which are engaged in activities related to the operation of shipping.

6. In the discharge of his responsibilities the Administrator shall collaborate with existing military, naval and civil departments and agencies of the Government which perform war-time functions connected with transportation overseas, in order to secure the most effective utilization of shipping in the prosecution of the war. The Administrator particularly shall maintain close liaison with the Departments of War and the Navy through the assistant Chief of Staff for Transportation and Supply and the Director, Naval Transportation Service, respectively, with respect to the movement of military and naval personnel and supplies; and with the Director of the Office of Defense Transportation with respect to the relation of overseas transportation to the coastwise and intercoastal shipping and inland transportation. With respect to the overseas transportation of cargoes essential to the war production effort and the civilian economy the Administrator shall be guided by schedules transmitted to him by the Chairman of the War Production Board prescribing the priority of movement of such commodities and materials.

7. The Administrator may establish committees or groups of advisers representing two or more departments of the Federal Government, or agencies or missions of governments al-

lied with the United States in the prosecution of the war, as the case may require to carry out purposes of this order. Further, he may appoint representatives to such joint missions or boards dealing with matters within the scope of this order as may be established with governments associated with the United States in the prosecution of the war.

8. Within the purpose of this order, the Administrator is authorized to issue such directives concerning shipping operations as he may deem necessary or appropriate, and his decisions shall be final with respect to the functions and authorities so vested in him. The Administrator may exercise the powers, authority and discretion conferred upon him by this order through such officials or agencies and in such manner as he may determine.

9. The Administrator is further authorized within the limits of such funds as may be allocated, transferred, or appropriated to the War Shipping Administration to employ necessary personnel and make provisions for necessary supplies, facilities, and services. So much of the unexpended balances of appropriations, allocations, or other funds available (including funds and contract authority available for the fiscal year ending June 30, 1942) for the use of the United States Maritime Commission in the exercise of the functions transferred to the Administrator and the War Shipping Administration, as the Director of the Bureau of the Budget with the approval of the President shall determine, shall be transferred to the War Shipping Administration for use in carrying out the functions and authority transferred to the Administrator and the War Shipping Administration pursuant to the provisions of this order. In determining the amounts to be transferred from the United States Maritime Commission, the Director of the Bureau of the Budget may include amounts necessary to provide for the liquidation of obligations previously incurred by the United States Maritime Commission against such appropriations, allocations or other funds prior to the transfer; provided, that the use of the unexpended appropriations, allocations or other funds transferred by this section shall be subject to the provisions of Section 3 of the first War Powers Act, 1941.

FRANKLIN D. ROOSEVELT.
The White House, Feb. 7, 1942.

Hurley To New Zealand

Brig. Gen. Patrick J. Hurley, Secretary of War under President Hoover, was nominated by President Roosevelt on Jan. 28 to be the first American Minister to New Zealand. It is assumed that Gen. Hurley already has reached his post. Gen. Hurley, who is a native of Oklahoma, was recently promoted by the President from the rank of Colonel in the Army Reserve, to that of Brigadier General. The Senate received this nomination on Jan. 19 and confirmed it on Jan. 28. At the time the promotion was made known, the White House announced that Gen. Hurley would undertake a special mission and, it is said, his nomination to the New Zealand post was withheld then in order to insure his safe arrival there. Gen. Hurley served in the Hoover Cabinet from 1929 to 1933 and since that time has been practicing law in Washington.

The President had nominated David J. Winton, Minneapolis lumberman, as the first Minister to New Zealand but withdrew this nomination at the latter's request on Jan. 16 as noted in our issue of Jan. 22, page 342.

Wheat Referendum In May

On Feb. 4 Secretary of Agriculture Wickard set May 2 as the date for the wheat referendum in which wheat farmers throughout the nation will vote on wheat marketing quotas for the second successive year.

Quotas were proclaimed on the 1942 crop last July when it became apparent 1942-43 wheat supplies would far exceed the marketing quota level set by law. However, said the Department, to be placed in effect, quotas must have the approval of two-thirds of the wheat farmers voting in a national referendum. Farmers voted approval of quotas on the 1941 crop by an 81% majority.

In making this announcement, Secretary Wickard said:

American agriculture is embarking on the largest and most comprehensive food production program the world has ever seen. To obtain this production our entire agricultural effort must be expended in such a way that no waste of human labor, machines and material will occur in needless production of farm goods that already exist in plentiful quantities. Wheat farmers through the Ever-Normal Granary have provided plentiful reserves. Without producing a bushel this year, we have enough on hand to supply all of our anticipated needs both at home and in foreign outlets well into 1943.

Raising excessive wheat wastes productive effort of farmers, disrupts transportation and clogs storage facilities that are already filled to capacity.

We must provide for orderly handling of our wheat reserves and at the same time democratically divide the responsibility for this orderly handling among all the nations' wheat farmers.

In connection with the quota program, the announcement says:

The quota program remains essentially the same as that in operation in 1941. Quotas do not apply to farms on which the acreage planted to wheat for harvest is not more than 15 acres nor to farms on which the normal production of the acreage planted to wheat is less than 200 bushels.

Under quotas, farmers who have overseeded their acreage allotments are asked to make the same adjustment in their marketings that program cooperators made when they seeded within their allotments. All farmers may market free of penalty normal or actual production from their acreage allotments and farmers whose entire production is below normal may market free of penalty an amount of wheat equal to the normal production of their acreage allotment. Excess wheat, unless stored under bond, is subject to a penalty of 50% of the basic loan rate.

As to wheat supplies, the Department stated:

The supply of wheat in 1942-43 is estimated to be 1,428,000,000 bushels on the basis of a July 1, 1942, carryover of 635,000,000 bushels and a 1942 crop of 793,000,000 bushels, which includes a preliminary estimate for 1942 winter wheat of 631,000,000 bushels and average production for spring wheat of 162,000,000 bushels. This is the greatest supply on record, nearly 100,000,000 bushels more than a year ago.

The announcement also had the following to say:

In connection with the referendum announcement, the AAA said 1942 provisions have been relaxed to allow substitution of volunteer wheat for seeded wheat destroyed by a cause beyond the farmer's control such as flood or drought. The substitution of volunteer wheat acreage for the acreage

destroyed can be made upon the approval of the county AAA Committee. To be in full compliance with the AAA program, however, the total wheat acreage on a farm cannot exceed the wheat acreage allotment. If for some reason a farmer was unable to seed his wheat, a volunteer crop, as in former years will be classed as seeded for program purposes.

Real Estate Mortgage

Investments Up In '41

In its "Mortgage Recording Letter," issued Jan. 28, the Federal Home Loan Bank Board reports that consistent with the increased tempo of activity in business and industry, investments by institutions and individuals in real estate mortgages continued upward during 1941. The study of nonfarm mortgage recordings of \$20,000 or less, which is conducted by the Board's Division of Research and Statistics with the voluntary cooperation of progressive savings and loan associations throughout the country, reveals that all mortgage lenders during the year recorded more than 1,628,000 mortgages, representing an investment of over \$4,750,000,000. This high volume of recordings is an increase of \$700,000,000 over 1940 and \$1,200,000,000 over 1939. While the volume by each class of mortgage lender has moved consistently upward, there have been some significant shifts in the relative participation in total activity. The Board's letter further states:

The residential construction index of the Bureau of Labor Statistics stood 98% above the 1935-39 average, despite the sharp curtailment of activity when priorities were imposed during the latter months of the year. This was the highest point that the index has reached in well over a decade. Nonfarm real estate foreclosures have likewise shown a favorable movement. During 1941 this Federal Home Loan Bank Board index continued downward to a point 65% below the 1935-39 average.

Increased mortgage activity in recent years is the effect of many interrelated factors. Rising real estate values resulting from generally improved economic conditions, coupled with an increased demand for housing due to national defense, has provided an impetus and a market for the liquidation of institutionally owned properties. Home ownership has been made easier by the wider acceptance of higher loan to value ratios, longer periods of amortization, and lower interest rates. The rise in values and the higher ratio loans are reflected in the increase of the average size of mortgages recorded. In 1941 the average size of loan was \$2,906, as compared with \$2,722 in 1939. Government agencies, particularly the Home Owners' Loan Corporation and the Federal Housing Administration, have contributed materially toward fostering these lending policies.

During December, 1941, the total of mortgage recordings amounted to \$392,000,000, as compared with \$327,000,000 in December, 1940, and \$303,000,000 in December, 1939. The figure for 1941 represented a 3.9% increase over November, 1941, whereas the December, 1940, and December, 1939, figures decreased 0.2% and 1.7%, respectively, from their preceding months. This contra-seasonal increase in December, 1941, may be partially attributed to a desire of home-seekers to purchase standing structures and to complete pending negotiations before further price rises occurred.