

# FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 155 Number 4048

New York, N. Y., Thursday, February 19, 1942

Price 60 Cents a Copy

## FROM WASHINGTON AHEAD OF THE NEWS

Mr. Roosevelt is smarting under the criticism which has been levelled at his Administration recently but there is no indication that he intends to mend his ways. Instead, he seems to be more determined than ever.

The impression is that he looks upon the whole outburst against the OCD, Mrs. Roosevelt, the demands in and out of Congress that the Government itself be "converted to a war time basis," as a challenge and he is prepared to fight it out as such. Sarcasm has characterized his recent press conference, coupled with expressions of contempt for Congress. The difference between his attitude and that of Winston Churchill is marked. Humility, and a plea that if he had accomplished nothing else, he had gotten this country into a war, at which he said he had been working hard, and which he rightfully classed as a tremendous enterprise, characterized the latter's radio speech Sunday.

But Mr. Roosevelt is in no apologetic mood. Instead, he has a chip on his shoulder and has made known that he intends to fight it out to get a \$300,000,000 appropriation from Congress with which to pay automobile and other workers displaced by the

conversion of their industries. Protesting governors and members of Congress see in the appropriation a move on the part of the New Dealers to get control of the State unemployment compensation insurance. There is a sizeable revolt in Congress but in the end the President will very likely get what he wants. In fact, there is little doubt that he would take the money from some of his other funds. The money used by Mrs. Roosevelt to build up her great sociological experiment in the OCD, had not been appropriated for such purposes by Congress. It has long since been unnecessary for the President to have to go to Congress for any money he needed. Congress in its dilemma has sought occasionally to get certain individuals whom it considered Communists

(Continued on page 783)

## On The Foreign Front

### European Stock Markets

Some of the bitterest war news yet faced by the financial markets developed over the last week-end, and sizeable recessions were noted in consequence on the London Stock Exchange. Issues of all descriptions tumbled Monday, after the dire news of the fall of Singapore was confirmed by Prime Minister Churchill. Although the British market held up rather well in the previous periods of bad news, the Far Eastern developments obviously troubled investors and traders deeply.

Prices drifted slowly lower at London late last week, with tea and rubber shares and Australian loans the weakest spots. The downward trend was accentuated early this week and took in gilt-edged and industrial stocks, as well as issues directly concerned in the Far Eastern situation. Burmese and Netherlands East Indian oil stocks were especially weak, while comparable declines appeared in Australian mining and Anglo-Iranian oil shares.

French markets are quiet under steadily increasing official controls. Vichy dispatches state that laws were promulgated last Saturday for a general Bourse commit-

tee, under the chairmanship of the Governor of the Bank of France, to control transactions. There is little news available regarding trends in other Continental financial centers.

### Singapore Surrenders

One of the great fortresses of the world, considered impregnable until a few months ago, fell into Japanese hands last Sunday, when some 60,000 British Empire troops detailed to the defense of the bastion surrendered. Japanese authorities made the vitally important event known in radio broadcasts when it occurred, and a few hours later Prime Minister Winston Churchill included in a war accounting the somber words: "Singapore has fallen." The capture by Japan of the enormous

(Continued on page 782)

## One Reader Says...

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

Running through our correspondence, we find a subscriber whose file of bound copies dates back to 1887—another to 1906—and still another to 1880. Can there be any doubt in your mind about the value of binding your copies of the Financial Chronicle, of having at your finger tips a complete record of all important financial developments? The new Financial Chronicle was designed for binding. With the larger page size, bound volumes will be thinner, will open flat and will be easier to handle.

This is merely a suggestion—passed along to you because we want you to get full value from your subscription to the Financial Chronicle.

## GENERAL CONTENTS

### Editorials

Financial Situation.....	761
A Strange Inconsistency.....	761

### Regular Features

On The Foreign Front.....	761
From Washington Ahead of the News.....	761
Moody's Bond Prices and Yields.....	778
Items About Banks and Trust Cos.....	765

### State of Trade

General Review.....	763
Commodity Prices—Domestic Index.....	775
Commodity Prices—World Index.....	778
Carloadings.....	776
Engineering Construction Lower.....	777
Paperboard Industry Statistics.....	774
Weekly Lumber Movement.....	775
Fertilizer Price Index.....	777
Weekly Coal and Coke Output.....	777
January Coal Output.....	776
Bank debits.....	778
Petroleum and Its Products.....	766
Weekly Steel Review.....	779
1941 Producing Capacity.....	773
Electric Power Output:	
Week Ended Feb. 14, 1942.....	778
November, 1941, Statistics.....	780
December, 1941, Statistics.....	774
Moody's Commodity Index.....	781
Natural Gas Output, Dec., 1941.....	780
January Department Store Sales.....	780
1941 Hotel Sales Higher.....	781
January Slab Zinc Sales.....	781
1941 Building Permit Valuations.....	781
January Pig Iron Production.....	767
January Retail Prices Advance.....	767
January Flour Production.....	767
December Department Store Sales.....	768
January Engineering Construction.....	768
Cottonseed Receipts Again Lower.....	768
Cost of Living Index (Dec-Jan.).....	768
January Anthracite Shipments.....	779
1941 Auto Production Higher.....	768
December Motor Freight Volume.....	766
January Cotton Consumption.....	766

### Miscellaneous

Urges Reserve Banks Buy Govts.....	769
ABA Approves Direct Bond Sales.....	769
ABA To Conduct Credit Clinic.....	769
Plant Conversion No. One Problem.....	769
FDR Seeks Congressional Support.....	769
Corporate Fiduciaries Assn. Members	
Bond Sales Program Held In-	
flationary.....	770
Favors Income Tax Reforms.....	770
Chicago Home Loan Bank Meeting.....	770
Labor Board Warned Against Wage	
Increases.....	770
OPM Studies Coffee Rationing.....	770
ABA To Study Operating Costs.....	770
Stolen Auto Tax Stamps.....	770
New Passenger Cars on Order.....	770
Eccles Recommends Higher Taxes.....	771
AAA Program Amended.....	771
FDR Praises Boy Scouts.....	771
FDR Asks Repeal of Foreign Loan	
Embargo.....	771
Directs British War Production.....	771
Says Bank Savings Are Secure.....	772
Favors National Sales Tax.....	772
N. Y. State Bankers Meeting.....	772
Commission Assays Coins.....	772
New Alloy Steels Available.....	772
Solid Fuels Committee for Industry	
SEC Reports 1941 Exchange Sales.....	772
Unemployment Halved in 1941.....	773
Steel Production in 1941.....	773
FDR Asks More Lend-Lease Funds.....	773
SEC Amends Rule.....	773
Blocked Accounts Payment Cut.....	773
Natural Gas Use Restricted.....	773
SEC Changes ICC Forms.....	773
Food Shipments To Britain.....	773
November Gas Co. Statistics.....	774
WPA Controls Raw Silk Supply.....	774
Curb Short Position Figures.....	774
Trading on New York Exchanges.....	775
NYSE Odd-Lot Trading.....	775
FDR on Rivers and Harbors Bill.....	776
Australian Sugar Crop Lower.....	776
NYSE January Market Values.....	774-764
Urban Foreclosures in 1941.....	764
85,000 More Federal Employees.....	764
1942 Cotton Bagging.....	764
New York State Budget Scored.....	784
Savings As Inflation Check.....	784
French West Indies Sugar Output.....	784
Dallas Federal Reserve Aides.....	784
FDR Meets Labor Board.....	784
N. Y. Curb Values in 1941.....	780
London Stock Exchange.....	780
English Financial Market.....	780
FDR Opposes Poll Taxes.....	780
Heads Greater New York Fund.....	780
Insolvent National Bank Dividends.....	777
Government Bond Sales in January.....	777
National Bank Changes.....	777
Slum-Clearance Held Essential.....	777
Airplane Program Expansion.....	778
Supreme Court Ruling on Tax	
Deductions.....	781
AIB Shortens Convention.....	779
Named to CCC Cotton Unit.....	779
FDR Tribute to Lincoln.....	779
Massachusetts Mutual Life Insurance	
Co. (1941 Report).....	764
Treasury Bond Issue Offering.....	764
Would Kill Silver Act.....	765
Pensions For Retired Congressman.....	765
Vetoed Foreign Agents Bill.....	765
Hearings on Parity Prices.....	765
To Control Raw Sugar.....	783
\$35 Billion War Bill Approved.....	762
FDR Addresses Canada.....	762
Naval Supply Bill Signed.....	762
Ration Retread Tires.....	763
Market Observations.....	763
Now Unlimited Liability Company.....	763

## THE FINANCIAL SITUATION

There can be at least two, and probably many more, opinions about the underlying causes of the current cataclysmic world conflict; there may be as many concerning the factors that have led to our participation in it; there may be as many about the time when and the circumstances under which the United Nations would be wise to consider peace proposals—all these views may be held among the people of the United States without in any way reducing or affecting the determination of any American to do all that lies within him to further the war effort in which we are now engaged. All of them may be entertained without blemishing the patriotism of a single soul within the length and breadth of the land.

These are simple, and, it seems to us, perfectly obvious truths, but they are plainly not understood by many of our leaders, and unless and until they are grasped and accepted we shall not cease to be in danger of avoidable friction within our own ranks which can scarcely fail to limit our effectiveness in this time of great difficulty.

The public addresses upon the occasion of Lincoln's birthday, and other recent expressions, must have impressed afresh this danger upon the minds of thoughtful men and women throughout the land. Almost from the hour when news of the Pearl Harbor disaster reached our continental shores, the "interventionists," or many of them from the President down, have been permitting themselves the indulgence of an I-told-you-so attitude in which it was tacitly (but wholly without warrant) assumed that what had occurred had proved them right and the "isolationists" wholly wrong. It has not been helpful, but those at whom the finger was thus pointed have, either by reason of greater restraint or because of a reluctance to open themselves, even apparently rather than really, to an accusation of a want of loyalty, have for the most part remained silent under the implied attack. Now arise prophets who for one reason or another fear that the Republican Party may presently become a haven for citizens who, though doing all they can to hasten victory, find it impossible now as before hostilities began to agree with obviously inadequate

(Continued on page 762)

## A Strange Inconsistency

The voluntary extension of the work week to 44 hours by practically all agencies throughout the departmental and field services of the Government has greatly augmented the man-hours of Federal employment.

This substantial increase in the work week has provided material relief for those agencies which were understaffed to meet their increased work load under the defense program and calls for a resurvey of personnel requirements during the remainder of this fiscal year and for the fiscal year 1943. Obviously those agencies which were adequately staffed on the basis of the 39-hour week, and are not confronted with an increase in work programs, are now over-staffed.

It is imperative that this man power be immediately capitalized and effectively channeled into defense work. This means that agency heads must survey every operational activity and determine those employees who may be promptly released for employment in other agencies. Particularly in Washington this action must be expedited in order to help meet the shortage in personnel and housing and to avoid as far as possible bringing new employees into the city. To the extent that experienced personnel can thus be obtained the housing situation in Washington will be helped and the demand for office space decreased.—The President of the United States.

Why is a 44-hour week regarded as so helpful in Washington at the same time that a 40-hour week in industry appears to be vested with an almost sacred quality by the New Dealers?



## \$32 Billion War Bill Is Voted By House

The House on Feb. 17 passed a record-breaking \$32,070,901,900 appropriation bill for arms, lend-lease aid and ship construction. The vote on the measure was 371 to 0. It is estimated that this bill brings total defense expenditures to \$142,000,000,000. The measure provides \$22,888,901,900 for the Army, \$3,852,000,000 for the Maritime Commission and \$5,430,000,000 for direct lend-lease purposes. The Associated Press reported the following:

The measure provides allotments for an army of 3,600,000 men, including a 1,000,000-man air force, by the end of this year, and set aside billions for a reservoir from which the United Nations may draw needed supplies.

It provided new funds, too, for the Maritime Commission to send 786 vessels down the ways this year and to construct eventually 2,877 ships at a cost of \$6,704,464,056.

## FDR Addresses Canada On Eve Of War Loan Drive

President Roosevelt joined with Prime Minister Mackenzie King of Canada on Feb. 15 in a radio broadcast to the Canadian people on the eve of that country's second victory loan campaign to raise \$600,000,000. In his address, which was broadcast through a recording made in Washington, the President praised the "all out effort which Canada is making in the common cause of liberty," and said that the United States is "proud to be your neighbor." Recalling the mutual pledges of support made four years ago, Mr. Roosevelt said they are now being implemented and the two countries now "are joined with the other free peoples of the world against an armed conspiracy to wipe out free institutions wherever they exist." He added:

Freedom—our freedom and yours—is under attack on many fronts. You and we together are engaged to resist the attack on any front where our strength can best be brought to bear.

Warning that "peril is ahead for us all, and sorrow for many," the President declared, however, that "our cause is right, our goal is worthy, our strength is great and growing." In conclusion, he said:

Let us then march forward together, facing danger, bearing sacrifice, competing only in the effort to share even more fully in the great task laid upon us all. Let us, remembering the price that some have paid for our survival, make our own contribution worthy to lie beside theirs upon the altar of man's faith.

## Signs Naval Supply Bill

President Roosevelt signed on Feb. 9 the \$26,495,265,474 Navy supply bill, the largest single appropriation measure in the Nation's history. The legislation provides more than \$8,000,000,000 for ship construction and a like amount for new airplanes, in addition to \$5,000,000,000 for maintaining the fleet. Congressional action on the measure was completed on Feb. 5 when the Senate adopted a conference report, which the House had approved the previous day (Feb. 4). When the bill originally passed the House on Jan. 27 the appropriation totaled \$19,977,965,474. However, the Senate on Feb. 2 increased the measure by more than \$6,000,000,000, chiefly for additional naval aviation. The House later agreed to these additions.

## THE FINANCIAL SITUATION

(Continued from First Page)

and often starkly untrue theorizing about the origin of this war and our relation to it, or to summon substantial faith in the "planned world" envisaged by many day dreamers who thickly inhabit this country, but who are not so easy to find elsewhere. Some of these prophets are also politicians whose major interests include the Republican Party, which they fear would not survive such a consummation. Others are chiefly interested in rendering all but their own school ineffective with the public. All betray by their very fervor knowledge that what they (or some of them) now prefer to call "internationalism" has even yet failed by far to choke traditional American foreign policies fully and permanently from the minds of the American people.

### Some Recent Comment

Thomas E. Dewey, who has, generally speaking, carefully refrained from forthrightness on questions of foreign policy and who is understood to have further political ambitions, contented himself on February 12 with a popular denouncement of "appeasers" and a warning that they may seek to capture his party. Said he:

I am informed that there is already an American Cliveden set in Washington and other cities. They are scheming to end the war short of military victory. They are waiting for the time to come out in the open with plans for a negotiated peace.

The issue of appeasement and compromise will surely rise. While today its advocates are present in both parties, history teaches that they all may attempt to sneak into the party of opposition. They may even attempt to use it to achieve their cowardly end.

Here is the challenge. Here in the shadow of Abraham Lincoln can there be any possible doubt as to what our position shall be?

We have but one course. Every suggestion of compromise must be rejected. There is no room in America for difference of opinion on this score. We shall wage this war to a total victory. We shall wage it to a victory so complete that Germany, Italy and Japan shall not again have the power to disturb the peace of the world.

Wendell L. Willkie, obviously still more than a little interested in politics, confined his thoughts on Lincoln's birthday largely to matters that have to do with the management of our war effort, but within a few days (on Sunday, February 15) he addressed the public through the columns of the New York "Times"—and this time he is much less fortunate. Here are his opening paragraphs:

The American people are now irrevocably involved in the worst war in history. Many of our sons have already lost their lives and millions are being asked to risk theirs. It would be criminal for us to send our boys out to all parts of the earth with no plan, no purpose. We ask them for a victory; we ourselves must define victory. And for this purpose we must look ahead.

Certain of our leaders, when they look ahead, are very definite about what they think they see. The leaders I have in mind are of both parties, Republican and Democratic. What they think they see is most often described as a reaction, a sort of letdown from the terrible energies and responsibilities of war. Evidently, these persons admit, the war is going to be fought on an international basis. To this extent the internationalists (who were called interventionists in our recent great debate) have won a temporary victory. But when we come to the peace, they argue, the American people will be fed up with internationalism in all its forms. There will be a violent swingback to isolationism. The smart thing to do politically, they say, is to wait for that swingback, to ride that wave when it comes.

Of course, since Pearl Harbor, this talk is somewhat furtive. The persons I have in mind sincerely want to win the war and would not wish to do or say anything that might weaken our chances. Yet the thought exists in the back of their minds and they are playing their cards accordingly.

Now I believe that these persons are almost wholly wrong. They are wrong not alone as regards our moral obligations or even the welfare of our people. They are wrong politically. I do not believe that that hoped-for reaction is going to take place—not, at any rate, in the way they are expecting it.

### Other Discussions

Many "columnists" and other professional commentators have apparently formed a fixed habit of preaching "internationalism" almost, if not quite, as an essential element of true American patriotism, and the fall of Singapore has furnished a text for many homilies upon the alleged sloth with which we have come to a "recognition" of the "necessity" of adopting that doctrine, and upon the "consequences" of that tardiness. Although many of these observers have

not always delineated their ideas with as much clarity as might be desired, it is evident enough that the reluctance with which we have become "converted" to this doctrine is often held responsible for our failure to make better progress in the production of armament. Indeed, it would appear that not infrequently no clear distinction is made between the two. Throughout it all is frequently still interspersed a good deal about our "fight for liberty and civilization," and, of course, much mere ill temper directed at our enemies. As an example merely of the more dignified and better informed discussions of the sort which is the daily fare of the readers of the public press, we cite the following from the always strongly interventionist but, of course, wholly sincere New York "Times" (February 12):

More is going up in smoke in burning Singapore than a proud white city planted at the crossroads of the earth. More than a stronghold is tottering as Dutch and British ships dodge bombs and submarines to evacuate women and children from the greatest port in the Orient. The garrison is fighting staunchly to the last, determined that the invaders shall pay a high price for a victory that until yesterday nobody in the besieged town really believed in. The stores in the naval base have been set on fire so that when the fortress falls there will be nothing left for the Japanese but an empty shell of the power and permanence Singapore stood for in the fluid world of Asia.

What goes up in the acrid fumes that blot out the tropic sky is more even than a citadel of British imperial strength. In that blaze on a little island between the China Sea and the Indian Ocean, the western gateway to India, the last illusion of American security is consumed. Through the smoke we see with dreadful clarity how weak the anchors are on which we based our assumption that at least the foundations of our world were stable.

They are not; Singapore above all was a point of equilibrium, and in the light of what it has meant in the delicate balance between East and West, in the gradual process of integration between two worlds, the firing of the city by the British is almost as shattering as its conquest by the Japanese. For this is like burning in effigy a symbol of our civilization, and it reveals more clearly than anything that has happened that civilization as we know it is literally at stake in this war.

The positions we are giving up in Asia are not merely outposts of Western power. If they represented no more than that they would hardly be worth defending. They are outposts of Western civilization. Each one that falls prolongs the war; but it also puts back the clock, reverses the trend of human progress. Hitler would have to be destroyed if he committed no greater crime against humanity than to force man to scorch the earth he loves and wreck the landmarks he has built to mark his advance across the centuries. The fires of Singapore show us that all we prize shall likewise perish unless we smite swiftly and with all our might.

### A More Solid Basis

These are, of course, all important public questions with which the American people must at one time or another come to grips. They will become of the first order of importance when the time comes to arrange a new peace for this war torn world. Discussion of them meanwhile is probably both inevitable and fitting. Such discussion, however, should not presuppose a unanimity of opinion which does not exist, and, most important of all, there must be no disposition in any quarter to accuse opponents in such a public debate with a want of good faith or of true and deep patriotism. The truth is, so we think, that it would, all things considered, be the part of wisdom, for the present at least, to give these highly controversial matters less space and less emphasis in current discussions lest old wounds be opened and old animosities aggravated to the injury of the war effort which must engage all our energies now. It, however, appears that the interventionists will not cease to "harp on my daughter," and it would not do to permit the case to go by default to them.

We certainly can not afford to maintain a belligerent position resting upon a false footing, or to conduct a war whose avowed *raison d'être* too plainly lacks accord with generally available facts. The danger is too great of a belated and disastrous awakening of the people and of a revulsion of feeling such as Mr. Willkie mentions but does not expect to materialize. Characterization of this as a war to establish or to preserve the "four freedoms" everywhere in the world, lost much of its force with the entry of Russia into the struggle. Neither has it been easy to conceive of the Soviet Republic being greatly concerned about safeguarding "our way of life." The surprisingly steady resistance which the Red Army has been able to offer, certainly has done nothing to lend strength to the always rather foolish suggestion that the continental United States was in danger of attack, invasion and conquest. Events in the Far Pacific have demonstrated what informed persons



always knew—that Japanese ambitions are centered far from our shores and interests. The difficulties we are having in trying to conduct an effective war on the other side of the globe can scarcely fail to suggest the problems that would face either Germany or Japan in any attack upon our shores. Neither the history of the white man's conquest—if conquest it be—of Asia nor the pre-war state of things on that continent and its adjacent islands, outside of China, Oceania and possibly the Philippines, lends much support to the preservation of liberty theory of this war—save possibly upon the assumption of great superiority of the British, the Dutch and the French as imperial administrators. While, of course, Oceania, China and the Philippines are now all deeply involved in the many-sided struggle in the Far East, he would be naive indeed who supposed that any or all of these are the chief prizes of this war or alone would have precipitated it. As to the conception of this war as a conspiracy against or an attack upon "civilization"—well obviously it will not bear even superficial analysis.

#### All Agree

Why should it be necessary to posit any of these more than dubious propositions or explanations to warrant or sustain the war effort upon which we have launched ourselves? We are at war with two ambitious, aggressive, ruthless and powerful foes. We have aligned ourselves with the British, the Dutch and the Chinese. We have shouted for the world to hear that we mean business, that we will play no inactive roll, that we consider ourselves as having taken the field against our enemies. We have violently denounced them again and again. We have crossed the Rubicon and burned the bridges behind us. Now no nation in this very real world in which we live can do all this and fail to deliver mightily—and expect to be treated with respect in the future. Failure to act in keeping with the stand we have taken and with the promises we have made would be to invite defeat now and a contempt in the future which we should have to fight bitterly to escape. No nation can afford to put its hands to the plow in such a manner and look back. It would be fatal to do so. With this no one, we think, would disagree. Would it not be better to leave the war upon this grim but solid footing than to risk dissension over factors about which there never have been any unanimity in this country?

So far as post-war policies are concerned, it would certainly appear to be wise to wait some rather more definite indications of what post-war conditions and circumstances are to be. Certainly suggestions of a post-war pax Britannica or pax Americana appear somewhat premature to say the least in light of recent Far Eastern events.

## The State Of Trade

Business activity shows little change from recent high levels, with most industrial sections continuing to show substantial gains compared with last year's figures. Retail business, while far ahead of 1941, was somewhat dwarfed in comparison with the record-breaking volume of last month.

The consumer buying rush is now tapering off, particularly in non-defense areas such as this district. Department store sales in the week just ended were no greater than the same week last year. This is in contrast with a 14% gain in the previous week and higher gains earlier in the year.

The approaching income tax payments are having their influence. Department stores also report declining collections.

Notwithstanding the fact that the business picture generally is cheerful, the war reverses of the Allies are having a most disturbing effect, with the gloom most pronounced in the financial district. The fall of Singapore, together with the accounts of the big losses in men and material that went with that strategic point had a most depressing effect.

Another disturbing influence in the week's developments is the labor situation. Observers point to the fact that the nation is squarely in the midst of another major crisis in industrial relations, notwithstanding the increasing gravity of the military situation.

The CIO has launched a drive for general wage increases of \$1 a day, upon which the War Labor Board will have to act presently. It has also decided to seek the closed shop where it does not now exist, despite President Roosevelt's assertion that this should not be sought by Govern-

New York City in the week ended Feb. 7th were 14% larger than in the same 1941 week, and in the four weeks ended Feb. 7th, were 25% better than in the same period last year, the New York Federal Reserve Bank reported.

With "stock up" purchases apparently having passed the peak, retail trade activity showed a further decline this week, while active covering continued in wholesale markets, Dun & Bradstreet, Inc., reported.

Retail dollar sales in the past week were estimated 15 to 20% ahead of the corresponding 1941 period, compared with a year-to-year rise of 18 to 25% in the previous week.

The declining retail sales were ascribed by Dun & Bradstreet, Inc., as due to inclement weather, decreasing stock assortments, increased priorities, unemployment and the approach of the income tax period.

Further curtailment in consumers' goods lines did not prevent orders from continuing to pour into the nation's steel mills at a rate generally exceeding output, surveys of the industry disclose.

The magazine "Steel" stated, that "each new month sees the industry more wholly concentrated on war preparations, with better control of production and distribution. Close cooperation of Government bodies and steel producers is working out a pattern for the most efficient use of resources and every ton of steel is being utilized to the utmost."

Railroads in this country continue to place orders for rolling stock, 4,300 cars being bought thus far in February, exceeding the total for all January. Locomotive orders also are heavy, both in road engines and switches. Builders are working toward fulfillment of the promise of 36,000 new cars by May 1st, deemed necessary to meet heavy traffic demands.

Steel production in the United States is scheduled this week at 96.2% of capacity, against 95.5% last week, based on revised capacity figures of 88,570,000 net tons of ingots annually, the American Iron and Steel Institute announces. This week's rate is equal to 1,634,100 tons of ingots and castings, against 1,622,400 tons in the previous week.

For the corresponding week last year steel production was 1,526,700 net tons.

Engineering construction for the week, \$104,893,000, tops the \$100,000,000 mark for the fourth consecutive week. This volume, however, is 35% below the total for a week ago.

Public construction for the week is 30% lower than the preceding week and private work is down 63%.

The current week's volume brings 1942 construction to \$394,763,000, an increase of 15½% over the total for the opening seven-week period last year. Private work, \$30,711,000, is 67% below the period a year ago, but public construction, \$814,052,000, is 53% higher as a result of the 98% gain in Federal volume.

Registering declines in all but one category of freight, loadings of freight for the week ended Feb. 7th amounted to 784,060 cars, the Association of American Railroads reports. This was a decrease of 31,507 cars, or 3.9%, compared with the preceding week, a seasonal movement.

Contrasted with carloadings in the same week in 1941, this was an increase of 73,864 cars, or 10.4%, primarily as a result of increases in miscellaneous freight. The improvement over 1940 amounted to 156,631 cars, or 25%.

Expanding against the usual trend at this time of the year, electric power production in the week ended Feb. 7th, amounted to 3,474,638,000 kilowatt hours, an increase of two-tenths of 1% over the previous week, the re-

#### Ration Retread Tires

Price Administrator Leon Henderson announced on Feb. 11 that rationing of retreaded and recapped tires would begin on Feb. 19 and explained that it was probable that "there will be no crude rubber available for retreading, except for the small number of vehicles already eligible to obtain new tires and tubes."

At the same time, the War Production Board issued an order outlining specifications limiting the amount of crude rubber that may be used in the manufacture of essential rubber products. The order is expected to save an estimated 25,000 tons of rubber in 1942.

With regard to the rationing order, Associated Press Washington advices on Feb. 11, said:

The new rationing program, which includes the rationing of "camelback" the rubber compound used in the retreading process, will be carried out by the present tire rationing boards.

Mr. Henderson said the War Production Board would determine each month the amount of crude rubber which could be used in making the compound and that "a certain amount will be made available each month to permit the retreading or recapping of truck tires."

"None will be available this month for the retreading of passenger car tires, and perhaps none for the month of March."

"Events will dictate the future production of this material. OPA is providing regulations broad enough to ration as much camelback as the War Production Board can make available out of our limited rubber supply."

Two groups of eligibles are established under the retreading program.

One, except for the addition of clergymen, is generally the same as the one in effect for new tire rationing; the other is confined exclusively to vehicles eligible to apply for retread or recap tire certificates. No vehicle on the second list will be able to obtain a retread during February, Mr. Henderson said.

The second group of retread eligibles includes "passenger automobile" vehicles used for taxi-cabs, transportation of executives, engineers, technicians and workers, connected with essential war operations such as car companies, transportation or communication facilities, agricultural and industrial operations and military or naval establishments; Federal, State, or local Government officials and employees; traveling salesmen, transportation of farm produce and supplies and transportation of newspapers for wholesale delivery.

#### Bishop Sheil Consultant

The Most Rev. Bernard J. Sheil, Auxiliary Bishop of Chicago, has accepted an appointment as Consultant to the Secretary of the Treasury, Secretary Morgenthau announced. Bishop Sheil, whose appointment becomes effective immediately, will serve at a dollar a year. Bishop Sheil is noted for his founding of the Catholic Youth Organization, and formation of a Catholic committee to work with the Boy Scouts of America. His interest in aviation led to founding of an aeronautical school for poor boys in the Chicago area, and the establishment of the CYO-Lewis School of Aeronautics at Lockport, Illinois.

port of the Edison Electric Institute showed. The increase over the corresponding week a year ago was 16.2%, compared with a gain of 15.8% in the previous week.

#### Market Observations

We are watching for evidence that the restraining influences which have been holding investors in check will give way to monetary considerations as the dominating factor in their attitude toward equities. After a steady decline since the turn of the year the industrials have shown a tendency to level off with sub-normal volume of daily dealings and stabilize above the level which proved a barrier to lower prices last December. Meanwhile the rails, which should be little affected by the rapidly rising tax burden, have extended the gains recorded in the year end advance, thus serving to maintain the underlying direction of the market upward, while the industrials have been consolidating their gains.

Firming tendencies in General Motors following declaration of a 50c dividend, compared with previous payment of \$1, should have a reassuring effect upon investment sentiment. Around 33 the stock shows an income return of around 6%, assuming that dividend payments this year will total at least \$2 a share. As previously outlined, to maintain a yield of 5% or better, at current prices, dividends on a great many issues could be reduced as much as 50%. Accordingly, it seems only a question of time when monetary considerations will provide the underlying force for higher stock prices. We refer to the need (1) to obtain a satisfactory yield from securities as an offset to advancing living costs, and (2) to provide adequate protection for capital in case of inflation.

The calm manner in which reverses in the Far East are being accepted suggests a growing inclination to regard the situation there as of passing influence, in so far as the ultimate outcome is concerned. However, the trend of events at Singapore seems likely to provide a fresh test of sentiment. Should the market during the next several weeks continue to hold above its low of last December—in face of the quest for higher taxes and wages which, together with a policy fixing prices on finished products, tends to narrow the margin of profit and consequently to compress earnings and dividends—then it may be concluded that the adjustment to a full time war economy has been completed. In other words, the market could be viewed as having already discounted all known adverse possibilities. — J. E. Molloy, Hornblower & Weeks.

#### Guinness Mahon Co. Now Unlimited Liability Co.

Announcement is made by the Dorland International, Inc., in New York, of the receipt of the following cablegram from the London office on Feb. 10.

Guinness Mahon & Co. whose merchant banking business, founded in Dublin in 1836 is at present carried on by a partnership in Dublin and London, have formed an unlimited liability company in Dublin entitled Guinness & Mahon to carry on banking business in Ireland as from Feb. 14, 1942. The new company has an authorized capital of one million pounds all of which will be held by Guinness Mahon & Co. and paid up to the extent of 25%. Richard Noel Guinness, formerly a partner in Guinness Mahon & Co. will be Chairman of Guinness & Mahon. Henry Eustace Guinness, the partner of Guinness Mahon & Co., resident in Dublin, will be managing director and Henry Samuel Howard Guinness, senior partner of Guinness Mahon & Co. will also be a director of the new company. Guinness Mahon & Co. will continue in London as a partnership.



## Mass. Mutual Life Made Marked Gains in 1941, Pres. Perry Reveals In Report to Policyholders

Substantial gains in all directions were made by Massachusetts Mutual Life Insurance Company during 1941, says President Bertrand J. Perry, in reporting to the policyholders. New insurance sales were \$133,537,493, a gain of \$7,085,116, or 5.6% over the previous year. Insurance in force Dec. 31 was \$2,025,443,549, an increase of \$35,757,567 for the year. Admitted assets of \$765,956,829 showed a gain of \$41,662,794 for the year.

In commenting on the gain in new sales, Mr. Perry stated that the increased industrial activity in the production of war material has unquestionably been a stimulating influence. Furthermore, he said, since the attack on Pearl Harbor the American people have become more war-minded. They are, therefore, more conscious of the increased hazards of life, and the resultant immediate need for more family protection. Some of the impetus came as a result of the buying public's anticipation of war clauses, as have since been put into effect by all companies; and also by the possibility of higher premiums, as have now been announced by some companies.

Averaging \$127,000 a day, payments to policyholders and beneficiaries were \$46,636,324 during the year. Policyholders received \$27,714,930, and \$18,921,394 went to beneficiaries. Death claims were \$18,717,394.61. Benefits due to accidental death were \$204,000; matured endowments, \$4,170,547.86; disability income payments, \$1,866,994.74; annuity payments, \$5,089,678.26; and cash surrender values, \$8,300,460.70.

Of 3,102 policyholder deaths, 102 were automobile fatalities, the claims being over \$660,000. Payments on death claims resulting from airplane accidents were \$104,000.

The executive said that the rate of mortality experienced by a company as well seasoned as the Massachusetts Mutual will not, except on rare occasions, vary from year to year to any great extent. The acquisition of a proper amount of new business maintains the average age level of its policyholders, and the newly examined lives coming into the company offset the advancing age and physical deterioration of the older members. While the company's mortality experience in 1941 was not quite as favorable as in 1940 when the rate was unusually low, it was nevertheless within the range of what was anticipated, and entirely satisfactory from the company's point of view.

In spite of the rising cost for many things entering into the operation of a life insurance company, management expenses in 1941 were only \$14.84 of each \$100 of premium income, a relatively small increase over the 1940 cost of \$14.65.

### Record Investments

Mr. Perry found that the paucity of high grade bonds in the market made security purchases difficult but, even so, the total amount acquired during 1941 was the largest for several years. As a result, the company's portfolio for the first time in its history exceeded \$500,000,000 at the end of the year. While yields have continued to decline for many years, the interest income from bonds, because of the greater investment, reached its highest peak.

A larger volume of mortgages was secured during the year than in 1940 and at practically the same average rate of return as in the previous year, amortization being required in all cases.

Mr. Perry found that advantage was taken of the rising real estate market, which permitted the disposal of a larger number of properties and for a greater amount than in any other year. Such sales as were made were accompanied by substantial cash payments in every instance and were entirely outside of the so-

called "shoestring" class. Here again, although the total real estate owned by the company showed a considerable shrinkage, the income from rents was larger in 1941 than ever before.

### Aids War Financing

At the close of 1941, Mr. Perry said, the life insurance companies had six billion, four hundred million dollars invested in Government bonds, and as in previous periods of national emergency will continue cooperating with the Government in financing the prosecution of the war program. The Massachusetts Mutual owns the lawful maximum of defense bonds, and this year will substantially increase its investments in United States Government obligations.

Noting that life insurance agents are compensated on a commission basis, he said that they have unselfishly volunteered their services to the U. S. Treasury to help promote the sale of Defense bonds, and that in World War I the agents sold a billion dollars in Liberty bonds.

### Cites Postwar Experiences

Of interest to the insurance field are figures compiled during the Civil War, the Spanish-American War, the World War and the present conflict. Mr. Perry cited the 1861 figure of \$1,600,000 in policyholders' funds at work through business and Government securities and compared it with the Jan. 1, 1942 total of \$17,100,000,000. Annual payments to policyholders and beneficiaries in 1861 amounted to \$2,500,000, while in 1941 the total was \$2,550,000,000. Life insurance protection owned by American families in the Civil War amounted to \$180,000,000; in the Spanish-American War, to \$6,325,000,000; in the World War period, \$24,679,000,000; and on Jan. 1, 1942, \$124,000,000,000.

Precedent for the present impetus to the life insurance purchases was found during the years of the World War, Mr. Perry said, as evidenced by the following record of life insurance purchased in those earlier years: For ordinary life insurance, the sales in 1915 were \$2,621,000,000, an increase of 6.7% over the previous year; 1916, \$3,213,000,000, increase of 22.6%; 1917, \$3,840,000,000, increase of 19.5%; 1918, \$3,988,000,000, increase of 3.9%; 1919, \$7,010,000,000, increase of 75.8%; 1920, \$8,490,000,000, increase of 21.1%.

Now, according to the \$124,000,000,000 figure, American families are five times better protected than in 1917.

### Sets Child Health Day

President Roosevelt, acting in accordance with a Congressional resolution adopted in 1928, proclaimed that May 1 be set aside as Child Health Day "in recognition of the vital importance of the health of children to the strength of the Nation." The President, in his proclamation, also called upon the people in each community "to contribute to the conservation of child health and the reduction of illness among children by exerting every effort to the end that before May Day, Child Health Day, children over nine months of age be immunized against diphtheria and smallpox, the two diseases for which we have the surest means of prevention."

## Treasury Offers For Cash \$1,500,000,000 Of 2 1/4% Bonds Of 1952-55—Books Closed

Secretary of the Treasury Morgenthau announced on Feb. 13 the offering, through the Federal Reserve Banks, for cash subscription, of \$1,500,000,000, or thereabouts, of 2 1/4% Treasury Bonds of 1952-55. The Treasury announced that for the benefit of small investors, preferential allotments would be given to subscribers up to \$5,000, where delivery in registered bonds 90 days after issue date was specified; those entering such a subscription for preferential allotment were not permitted to enter any other subscription.

The Treasury closed the subscription books at the close of business the same day (Feb. 13), except for the receipt of subscriptions from the "small investors, which were closed on Feb. 14.

It was reported by the Treasury on Feb. 16 that, on the basis of preliminary figures, subscriptions totaled more than \$4,500,000,000, indicating that the issue had been oversubscribed three times.

The Treasury Bonds of 1952-55, offered for cash subscription, will be dated Feb. 25, 1942, and will bear interest at the rate of 2 1/4% per annum, payable semi-annually on June 15 and Dec. 15, with the first coupon due June 15, 1942, for a fractional period. The bonds will mature June 15, 1955, but may be redeemed, at the option of the United States, on and after June 15, 1952.

The Treasury's announcement further said:

The bonds will be issued in two forms: bearer bonds with interest coupons attached, and bonds registered both as to principal and interest. Both forms will be issued in the denominations of \$50, \$100, \$500, \$1,000, \$5,000, \$10,000 and \$100,000.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the bonds now offered shall not have any exemption, as such, under Federal Tax Acts now or hereafter enacted. Otherwise the bonds will be accorded the same exemptions from taxation as are accorded other issues of Treasury Bonds now outstanding. These provisions are specifically set forth in the official circular released today.

Subscriptions will be received at the Federal Reserve Banks and branches, and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Subscriptions for the bonds from banks and trust companies for their own account will be received without deposit, but subscriptions from all others must be accompanied by payment of 10% of the amount of bonds applied for. The bases on which subscriptions will be entertained from the various classes of subscribers will be the same as announced on Dec. 3, 1941, for the Dec. 15 cash offerings. (Explanation given further below.—Ed.)

The right is reserved to close the books as to any or all subscriptions or classes of subscriptions at any time without notice. The basis of allotment of subscriptions will be publicly announced, and payment for any bonds allotted must be made or completed on or before Feb. 25, 1942, or on later allotment.

The text of the official circular follows:

UNITED STATES OF AMERICA  
2 1/4% Treasury Bonds of 1952-55  
Dated and bearing interest from  
Feb. 25, 1942  
Due June 15, 1955

Redeemable at the option of the United States at par and accrued interest on and after June 15, 1952  
Interest pay. June 15 and Dec. 15

1942

Department Circular No. 681

Fiscal Service  
Bureau of the Public DebtTreasury Department,  
Office of the Secretary,  
Washington, Feb. 13, 1942.

### I. Offering of Bonds

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par and accrued interest, from the people of the United States for 2 1/4% bonds of the United States, designated Treasury Bonds of 1952-55. The amount of the offering is \$1,500,000,000, or thereabouts.

### II. Description of Bonds

1. The bonds will be dated Feb. 25, 1942, and will bear interest from that date at the rate of 2 1/4% per annum, payable on a semi-annual basis on June 15 and Dec. 15 in each year until the principal amount becomes payable. They will mature June 15, 1955, but may be redeemed at the option of the United States on and after June 15, 1952, in whole or in part, at par and accrued interest, on any interest day or days, on four months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. In case of partial redemption the bonds to be redeemed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.

2. The income derived from the bonds shall be subject to all Federal taxes, now or hereafter imposed. The bonds shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The bonds will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege and will not be entitled to any privilege of conversion.

4. Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of \$50, \$100, \$500, \$1,000, \$5,000, \$10,000 and \$100,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury.

5. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States bonds.

### III. Subscription and Allotment

1. Subscriptions will be received at the Federal Reserve Banks and branches and at the Treasury Department, Washington. Subscribers must agree not to sell or otherwise dispose of their subscriptions, or of the securities which may be allotted thereon, prior to the closing of the subscription books. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury

Department are authorized to act as official agencies. Others than banking institutions will not be permitted to enter subscriptions except for their own account. Subscriptions from banks and trust companies for their own account will be received without deposit. Subscriptions from all others must be accompanied by payment of 10% of the amount of bonds applied for. Subscriptions will be entertained from the various classes of subscribers on the following bases:

(a) Banks and trust companies for their own account—not to exceed 50% of capital and surplus.

(b) Mutual savings and cooperative banks, Federal Savings and Loan Associations, trust accounts and investment corporations, pension funds, insurance companies, and similar institutions and funds—not to exceed 10% of total resources.

(c) Corporations organized for profit, and dealers and brokers—not to exceed 50% of net worth.

(d) Individuals—not to exceed 50% of net worth or 100% of cash deposited with subscription. (Note: No preferred allotment will be made on such full-paid subscriptions.)

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of bonds applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subscriptions for amounts up to and including \$5,000 where the subscribers specify that delivery be made in registered bonds 90 days after the issue date will be given preferred allotment. In each such case a subscriber may not enter any other subscription, and payment must be made as provided in Section IV of this circular. Allotment notices will be sent out promptly upon allotment, and the basis of the allotment will be publicly announced.

### IV. Payment

1. Payment at par and accrued interest, if any, for bonds allotted hereunder must be made or completed on or before Feb. 25, 1942, or on later allotment. In every case where payment is not so completed, the payment with application up to 10% of the amount of bonds applied for shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Any qualified depository will be permitted to make payment by credit for bonds allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district.

### V. General Provisions

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for bonds allotted, to make delivery of bonds on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive bonds.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

HENRY MORGENTHAU, JR.,  
Secretary of the Treasury.



## Items About Banks, Trust Companies

Central Savings Bank of New York announces the election of Otto Strippel to the Board of Trustees. Mr. Strippel, a native New Yorker and a graduate of New York University, began his employment with the bank in 1904. In 1927, he became Treasurer and, having been elected Vice-President in 1938, now holds the office of Vice-President and Treasurer.

At the Board of Directors meeting of the Grace National Bank of New York on Feb. 11 George J. Wunderlich was appointed Assistant Cashier.

George W. Spence, President of the Peoples National Bank of Brooklyn, Brooklyn, N. Y., died on Feb. 5 at the Brooklyn Hospital. He was 77 years old. A native of Brooklyn, Mr. Spence had been identified with banking interests for 60 years.

He began his career with the Chase National Bank of New York and in 1894 joined the old Peoples Bank of Brooklyn, which merged in 1907 with the old Union Bank of Brooklyn. He was President of the Peoples Bank for three years before the merger and a year later helped to found the Peoples National Bank. Mr. Spence was the first President of the Peoples National Bank, a post he held until his death.

The Bank of East Syracuse, East Syracuse, N. Y., recently became a member of the Federal Reserve System. The bank, which is headed by Edward H. Dew, had assets of \$1,566,000 at the end of December, 1941. It is the 49th new member of the Federal Reserve Bank of New York since the Fall of 1940.

Arthur T. Bissell, Chairman of the Board of the Savings Bank of Rockville, Rockville, Conn., died on Feb. 5. He was 92 years old. Mr. Bissell had been connected with the Rockville institution for more than 75 years, having served as Treasurer for 30 years prior to his resignation in 1933. Upon his retirement he was made Chairman of the Board, a position he held at his death. Mr. Bissell began his career with the bank when he was 14 years old; he was made a incorporator in 1891, a director in 1900 and Assistant Secretary and Assistant Treasurer in 1903. In the latter part of 1903, upon the death of his father, Mr. Bissell became Treasurer. Mr. Bissell had also been connected for many years with the insurance agency of L. Bissell & Son, which was established in 1869 and was one of the first insurance agencies in Connecticut.

James G. McConkey, retired General Counsel of the Federal Reserve Bank of St. Louis, died on Feb. 4 at Barnes Hospital, St. Louis. He was 73 years old. Mr. McConkey, who had been General Counsel of the St. Louis Reserve Bank since its opening in 1914, retired in 1938 in accordance with the Retirement System of the Federal Reserve Banks.

The net profits of the Westminster Bank Limited (head office London) for the past year, after providing for rebate and taxation, and after appropriations to the credit of contingency accounts, out of which accounts full provision for bad and doubtful debts has been made, amount to £1,189,696. This sum, added to £551,130, brought forward from 1940, leaves available the sum of £1,740,826. The dividend of 9% paid in August last on the £4 shares and 6 1/4% on the £1 shares, absorbs £228,481. A further dividend of 9% is now declared in respect of the £4 shares, making

18% for the year; and a further dividend of 6 1/4% on the £1 shares will be paid, making the maximum of 12 1/2% for the year. The bank also reports that £100,000 has been transferred to bank premises account and £300,000 to officers pension fund, leaving a balance of £563,864 to be carried forward.

The Board of Directors of Swiss Bank Corporation at a meeting in Basle, Switzerland, on Feb. 10 approved accounts for 1941, showing net profits including carry-over of 9,655,966 francs against 9,157,189 francs for 1940, and total assets of 1,370,094,424 francs against 1,366,071,396 francs. At the general meeting on Feb. 27, the Board of Directors will propose a 4% dividend, after which there would be a carryover of 3,255,965.81 francs against 2,757,189.31 francs.

## Would Kill Silver Act, House Rejects Proposal

The statement that he would "be glad to see Congress strike all of the silver legislation off the books" because of the cost to the Treasury was made by Secretary of the Treasury Morgenthau on Feb. 2 during hearings by the House Appropriations Committee on the appropriation bill to finance the Treasury and Post Office Departments. An attempt to nullify the Silver Purchase Act of 1934, proposed in an amendment to the appropriation bill for the Treasury and Post Office Departments was defeated by two votes on Feb. 3.—55 to 53. The amendment was offered by Representative Dirksen (Republican of Illinois). The bill, appropriating a total of \$1,112,926,899—of which \$209,953,976 would be for the Treasury and \$902,969,923 for the Post Office Department was passed by the House on Feb. 3 by a voice vote. Mr. Morgenthau's testimony was made public by the Committee in sending the bill to the House on Feb. 2. The total appropriation provided in the bill, said the Associated Press, represented an increase of \$25,604,633 over the comparable expenses for the current fiscal year, but a reduction of \$4,902,036 from the amount estimated as necessary by President Roosevelt.

The Associated Press also reports that Secretary Morgenthau, discussing before the House Committee, the law requiring the Treasury to buy silver until it reaches \$1.29 an ounce or until the accumulations reach one-fourth of the stock in the country, said:

Right now the situation is that there is more and more use of silver for industrial purposes and we can not sell any of the silver we have, with the result that Canadian and Mexican silver is going into industrial uses and with our mines producing it we buy it and put it away.

Our domestic users of silver are entirely at the mercy of the foreign people as to what they charge, but so far they have not abused it. However, if one of the foreign silver countries tomorrow wanted to charge 50 cents or 60 cents, they could do it and we could not do anything about it.

The world price is 35 cents an ounce and the domestic price is 71.11 cents—the difference representing the subsidy to silver producers, Mr. Morgenthau said. The Committee also received information that:

1. Through informers, the Treasury collected \$1,309,000 in revenue which had not been reported and paid \$58,000 to the informers.

2. The United States has

"frozen" foreign funds of 34 countries, starting with Norway on April 8, 1940, and ending with the Philippine Islands last Jan. 5.

3. The collection costs for each \$100 of internal revenue is 89 cents, the lowest since 1921, when it was 72 cents. But the cost of collecting the new \$5-a-year auto tax is estimated at \$2.78 for each \$100.

From its Washington Bureau, the "Wall Street Journal" on Feb. 3 stated:

At his press conference and in testimony before the House Appropriations Committee, the Secretary declared:

1. National credit is sound, and that, providing the war is won, there are no danger signals concerning U. S. solvency.

2. Silver purchase legislation should be repealed, but industrial uses should be great enough to keep the silver price here at the world price level.

3. Defense bond sales for January reached \$1,060,547,000, accounting for nearly half the entire cost of the war effort for that month.

4. The new \$500 million loan to China is not a stabilization loan, but is for "general purposes."

5. He is unhappy about the automobile tax stamp situation.

Secretary Morgenthau said that the Treasury not only wants to stop buying silver but that it also wants to get rid of what silver it has. He urged repeal of the monetization of Domestic Silver Act, under which the Treasury buys all domestic and world silver offered it. He said he would also recommend the sale to industry of the silver accumulated by the Treasury in the seven years that the New Deal's silver purchase policy has been in effect.

In his testimony before the House Committee Secretary Morgenthau (we quote the Associated Press) said that the nation's fiscal affairs were in better shape than in the First World War and were free from danger signals. The press accounts added:

"Right now," the Treasury Secretary said in testifying before the House committee, "I think the way values of stocks, bank stocks and commodities have stood up is absolutely amazing—that is, the little fluctuation, there has been.

"I hope it will continue that way," he added, "and I think with all safeguards and brakes that we are adding the situation looks much more hopeful than it did in World War No. 1."

## Vote Pensions For Retired Congressmen

Legislation liberalizing the Civil Service Retirement Act so as to extend the coverage to all officers and employees of the executive, legislative and judicial branches of the Government, including members of Congress, was recently passed by Congress and signed by the President. On Feb. 10 it was reported that President Roosevelt had said that under the new law it would be possible for him to retire on a pension of \$37,500 annually simply by paying only a few dollars during the remaining years of his term. However, it was explained by Stephen Early, White House Secretary, on Feb. 11 that the President was speaking facetiously and had no intention of applying for a Federal pension. The bill was signed by the President on Jan. 24. The legislation increases employees' contributions from 3 1/2% to 5% of salary and makes 70 years the uniform compulsory retirement age for all government employees, except elected officials. Civil service employees may retire before reaching the compulsory age, depending on the number of years of service.

The bill passed the House on

Dec. 1 by unanimous vote without debate but before the Senate adopted the measure on Jan. 19 by a 42 to 24 vote considerable opposition had developed in regard to the provision giving Congressmen the right to obtain retirement annuities. Senator Byrd (Dem. of Va.) proposed an amendment to provide that before Congressmen became eligible for pensions they would have to make "reasonable back payments" for years of service. His amendment was defeated 34 to 28. Under the bill as passed a member of Congress who joined the system would pay 5% of his salary annually. His annuity would be based on length of service when he reached the retirement age, beginning at 62. No one would be eligible until he had served five years.

In view of protests made, several bills have been introduced in the Senate and the House calling for the repeal of the Congressional pension provision. It is likely that there will be some reconsideration of the bill.

## Vetoes Foreign Agents Bill, Urging Changes

President Roosevelt vetoed on Feb. 9 the bill designed to tighten the restrictions on foreign agents, saying that the legislation should be adjusted "to meet the changed conditions resulting from our entry into the war." "Such adjustment," said the President, might be achieved by granting broad discretionary powers to the Attorney General during the emergency. The President stated that some of the requirements of the legislation passed by Congress would be "unnecessary, inappropriate and onerous in respect to the representatives of friendly nations who are constantly coming to and from the United States to cooperate with us."

The bill passed the House on Dec. 19 and the Senate, in amended form, on Jan. 12. Final Congressional action came on Jan. 28 when both branches adopted the conference report.

In the Washington "Post" of Feb. 10 it was stated:

The bill, which in its registration requirements failed to separate representatives of the United Nations from its broad regulation of foreign agents, will be reconsidered by the House Judiciary Committee, Chairman Hatton W. Summers said.

Representative Martin Dies, of Texas, who led an unsuccessful House fight to include the Communist Party and Bund organizations by name, and force registration of their membership, had written Attorney General Biddle that their registration was nonetheless required.

In defeating his amendment, the House received assurances that these groups, though unnamed, would have to register under its terms, Representative Dies said he wrote Biddle.

From Washington Feb. 9 special advices to the New York "Times" had the following to say in part:

It was said unofficially that the measure was so drawn that it would require Winston Churchill, British Prime Minister, or Lord Beaverbrook, British Minister of War Production, to register their presence with the Justice Department when they came to this country, even if their presence and mission should, for strategic reasons, be kept secret.

The President's veto message follows:

To the House of Representatives:

I return herewith, without my approval, H. R. 6269, "To amend the act entitled 'An act to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes,' approved June 8, 1938, as amended."

This bill was drafted in peacetime to protect a nation

at peace. It was properly designed to force the disclosure of the activities of foreign agents who may abuse the hospitality of our country or weaken our national unity by fostering discord and distrust.

The bill, however, obviously was not drafted with a view to the situation created by the Axis assault upon our country and our entry into the war in fighting partnership with 25 United Nations and in active cooperation with other nations whose defense we deem vital to our own defense.

To achieve victory we must be certain that there is a minimum of interference with the strengthening and perfecting of joint action. Active collaboration of a military or economic nature with friendly countries requires the fullest and most constant exchange of representatives between us.

Just as we are anxious to see nothing interfere with the functioning of our representatives in friendly countries, so we must do everything we can to facilitate their functioning with us in the common cause. It is far from clear that the requirements of this legislation would not in many instances be unnecessary, inappropriate and onerous in respect to the representatives of friendly nations who are constantly coming to and from the United States to cooperate with us.

I recommend that this bill be adjusted to meet these changed conditions resulting from our entry into the war. Such adjustment might be achieved by granting broad discretionary powers to the Attorney General during the emergency, to enable him to administer the bill so as to meet these new conditions.

## Hearings On Parity Prices

The Agriculture Department's position and the views of Secretary Wickard with respect to the farm price question was the subject for an extended hearing before the Senate Agricultural Committee on Jan. 31. The Senate group had summoned Mr. Wickard as a result of an address he made in Atlanta on Jan. 28, in which he told farmers that they must be satisfied with parity prices, describing these as a "fair return to farmers and a fair cost to consumers." The Secretary had also said at that time that he would do all he could to keep prices up to parity and keep them from going "much beyond parity." Under the farm price section of the recently enacted Price Control Bill (inserted through the Senate farm bloc's insistence), farm commodity prices are permitted to rise up to 110% of parity before the Price Administrator could order ceilings. This section also directs the Secretary of Agriculture to obtain, as far as possible, parity for agriculture—in that it gives him veto power over the Price Administrator's farm price ceilings. (Parity is the price which gives farm products the same relative purchasing power they had in the years 1909-14). Although the hearing before the Senate committee was a closed session it is reported that the Secretary insisted on his position to keep the prices of farm products from going to the 110% parity level provided in the bill. It is also said that the Administration plans to keep prices down by using its power in the price control bill to buy and sell commodities.

Secretary Wickard, in a talk to the Department's War Boards at St. Louis on Feb. 2, reiterated his previous stand that he will do all he can to maintain parity and "keep the average prices of farm commodities from going above parity to a point that would hurt farmers, consumers and the nation."



## 1941 Auto Production 8.3% Above 1940

Factory sales of automobiles manufactured in the United States, including complete units or vehicles reported as assembled in foreign countries from parts made in the United States, for December 1941 consisted of 282,205 vehicles, of which 174,962 were passenger cars and 107,243 commercial cars, trucks, and road tractors, as compared with 352,347 vehicles in November, 1941, 483,567 vehicles in December, 1940, and 452,142 vehicles in December, 1939. These statistics comprise data for the entire industry and were released Jan. 29 by Director J. C. Capt, Bureau of the Census, Department of Commerce.

As the publication of foreign trade statistics has been suspended for the duration of the war, the statistics on United States factory sales of automobiles to the domestic market and to foreign markets have been combined in this report.

Statistics for 1941 are based on data received from 69 manufacturers in the United States, 20 making passenger cars and 63 making commercial cars, trucks, or road tractors (14 of the 20 passenger car manufacturers also making commercial cars, trucks, or road tractors). It should be noted that those making both passenger cars and commercial cars, trucks, or road tractors have been included in the number shown as making passenger cars and in the number shown as making commercial cars, trucks, or road tractors, respectively. The figures for passenger cars include those for taxicabs. The figures for commercial cars, trucks, and road tractors include those for ambulances, funeral cars, fire apparatus, street sweepers, station wagons, and buses, but the number of such special purpose vehicles is very small and hence a negligible factor in any analysis for which the figures may be used. Canadian production figures are supplied by the Dominion Bureau of Statistics. Figures for previous months appear in our issue of Jan. 8, page 115.

NUMBER OF VEHICLES (INCLUDING CHASSIS)

Year and month	United States (Factory Sales)			Canada (Production)		
	Total (all vehicles)	Passenger cars	Commercial trucks and road tractors	Total	Passenger cars	Commercial trucks and tractors
<b>1941—</b>						
January	500,878	411,233	89,645	23,195	11,990	11,205
February	485,622	394,513	91,109	23,710	10,647	13,063
March	507,834	410,196	97,638	26,044	12,093	13,951
April	462,272	374,979	87,293	27,584	12,091	15,493
May	518,770	417,698	101,072	26,585	9,840	16,745
June	520,525	418,983	101,542	25,753	8,538	17,215
July	444,243	343,748	100,495	24,654	3,849	20,805
August	447,601	343,748	103,853	23,192	3,160	14,032
September	324,255	256,101	68,154	14,496	2,548	11,943
October	382,009	295,568	86,441	19,360	5,635	13,725
November	352,347	256,101	96,246	21,545	7,003	14,542
December	282,205	174,962	107,243	20,313	6,651	13,662
<b>Total (year)</b>	<b>4,838,561</b>	<b>3,744,300</b>	<b>1,094,261</b>	<b>270,431</b>	<b>94,045</b>	<b>176,386</b>
<b>1940—</b>						
January	432,279	362,897	69,382	17,213	12,579	4,634
February	404,032	337,756	66,276	18,193	12,779	5,414
March	423,620	352,922	70,698	16,612	12,075	4,537
April	432,746	362,139	70,607	19,687	13,487	6,200
May	391,215	325,676	65,539	19,277	12,677	6,600
June	344,636	286,040	58,596	17,930	8,739	9,191
July	231,703	168,769	62,934	14,468	3,397	11,071
August	75,873	46,823	29,050	13,993	1,510	12,483
September	269,108	224,470	44,638	15,475	3,410	12,065
October	493,223	421,214	72,009	21,151	7,056	14,095
November	487,352	407,091	80,261	23,621	10,814	12,807
December	483,567	396,531	87,036	23,364	11,653	11,711
<b>Total (year)</b>	<b>4,469,354</b>	<b>3,692,328</b>	<b>777,026</b>	<b>222,984</b>	<b>110,126</b>	<b>112,858</b>
<b>1939—</b>						
January	342,168	281,465	60,703	14,794	11,404	3,390
February	303,220	243,000	60,220	14,300	10,914	3,386
March	371,946	299,703	72,243	17,553	12,689	4,864
April	337,375	273,409	63,966	16,891	12,791	4,100
May	297,542	237,870	59,672	15,706	11,585	4,121
June	309,738	246,704	63,034	14,515	10,585	3,930
July	209,359	150,738	58,621	9,241	5,112	4,129
August	99,868	61,407	38,461	3,475	1,068	2,407
September	188,757	161,625	27,132	3,922	3,494	428
October	313,392	251,819	61,573	11,297	7,791	3,506
November	351,785	285,252	66,533	16,756	9,882	6,874
December	452,142	373,804	78,338	16,976	11,054	5,922
<b>Total (year)</b>	<b>3,577,292</b>	<b>2,866,796</b>	<b>710,496</b>	<b>155,426</b>	<b>108,369</b>	<b>47,057</b>

\*Revised.

## December Motor Freight Volume 21.5% Over 1940—Unseasonable Increase Over November

The volume of revenue freight transported by motor truck in December increased 4.9% over November and 21.5% over December, 1940, according to reports compiled and released on Jan. 26 by the American Trucking Associations. It was the first time in the five years ATA has been compiling loading figures that the December volume was greater than in November.

Comparable reports were received by ATA from 219 carriers in 40 States. The reporting carriers transported an aggregate of 1,487,189 tons in December, as against 1,417,513 tons in November, and 1,223,983 tons in December, 1940.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 153.41. The index figure for November was 147.78.

A little more than 79% of all tonnage transported in the month was reported by carriers of general freight. The volume in this category increased 5.8% over November, and 25.3% over December of the previous year.

Transporters of petroleum products, accounting for more than 8% of the total tonnage reported, showed an increase of 23.4% over November, and a jump of 62.3% over December, 1940.

Movement of new automobiles and trucks constituted 4% of the total tonnage reported. Tonnage in this class, hit hard by curtailment of production and sales, decreased 23.0% under November, and 36.9% under December of the previous year.

Haulers of iron and steel products reported almost 5% of the total tonnage. The volume of these commodities increased 10.8% over November, and 4.9% over December, 1940.

Almost 4% of the total tonnage reported was miscellaneous commodities, including tobacco, milk, textile products, bricks, building materials, cement and household goods. Tonnage in this class decreased 11.8% under November, but held 21.7% above December of the previous year.

## Cotton Consumption in January At High Level

Under date of Feb. 14, 1942, the Census Bureau issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles, and imports and exports of cotton for the month of January, 1942, and 1941. Cotton consumed amounted to 945,903 bales of lint and 116,247 bales of linters, as compared with 844,839 bales of lint and 114,160 bales of linters in January, 1941.

January consumption of cotton includes 700 bales distributed by Surplus Marketing Administration through various cotton mattress programs. The following is the statement:

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

Year	Cotton consumed during		Cotton on hand January 31		Cotton spindles active during January (number)
	January (bales)	6 mos. ending Jan. 31 (bales)	In establishments (bales)	In public storage and at compresses (bales)	
United States	945,909	5,386,363	2,495,186	12,857,321	23,077,352
1941	844,839	4,423,446	1,878,231	14,672,545	22,829,220
Cotton-growing States	804,745	4,375,890	2,034,095	12,466,638	17,450,236
1941	718,566	3,784,276	1,553,605	14,372,133	17,301,352
New England States	114,727	643,226	383,877	369,957	4,977,056
1941	102,544	518,038	277,190	292,195	4,909,542
All other States	26,437	167,247	77,214	20,726	650,010
1941	23,729	121,132	47,436	8,217	618,026
INCLUDED ABOVE					
Egyptian cotton	(1)	(1)	43,455	6,511	
1941	(1)	(1)	32,263	5,171	
Other foreign cotton	16,569	95,380	63,408	45,776	
1941	11,157	61,043	28,670	27,431	
Amer.-Egyptian cotton	4,504	19,401	23,041	11,814	
1941	2,524	11,970	13,121	6,447	
NOT INCLUDED ABOVE					
Linters	116,247	738,538	541,754	146,007	
1941	114,160	621,964	516,777	85,529	

(1) Included in other foreign cotton.

\*January consumption of cotton includes 700 bales distributed by Surplus Marketing Administration through various cotton mattress programs.

### Imports And Exports Of Cotton And Linters

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

### World Statistics

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

## Petroleum And Its Products

Civilian motorists in the East were called upon to voluntarily reduce their gasoline consumption by 15% by Petroleum Coordinator Harold L. Ickes as he told a House Interstate Commerce subcommittee that he was making every effort to avoid rationing of petroleum products and, at the present time, he believed that actual rationing was unnecessary. He also said at his Tuesday appearance in Washington before the subcommittee that he was asking the War Production Board to reconsider proposals for the construction of a 24-inch pipeline from the Gulf to the East Coast.

In disclosing that he had urged industrial plants now using heavy fuel oil to convert to coal wherever possible and also had suggested that the Maritime Commission convert some tankers, now carrying gasoline, to the transportation of light fuel oil, Mr. Ickes described the February 16 submarine attacks upon oil refineries at the Dutch West Indian island of Aruba and on tankers in that vicinity as a serious indication of the "gravity" of our shipping situation. "The implications of such a bold thrust against our oil supply lines are indeed ominous," he said.

The petroleum industry has recommended to the Office of Petroleum Coordination a daily 7 p.m. to 7 a.m. curfew on retail gasoline sales in the East with a complete ban on Sunday sales, Mr. Ickes reported before the subcommittee. Holding that he was not convinced of the advisability of a service station shutdown, Mr. Ickes declared that "Sunday driving is sometimes more essential than Monday driving." However, should the appeal for voluntary curtailment of motor fuel consumption in the East and the curfew fail to bring about the desired results, rationing was predicted by the industry committee.

"If rationing is necessary," the Oil Coordinator continued, "they (the industry) favor the consumer coupon book system recommended by the District 1 Marketing Committee." He added that "since a number of East Coast tankers have been diverted to help out the West Coast, the oil men suggested that it would seem only fair that West Coast consumption should be curtailed to about the same extent as may be

casualties unknown to date, but the submarine shelling resulted in "no damage" to the refinery. The Aruba refinery of the Standard Oil Co. of New Jersey, largest in the world, is of vital importance to the United Nations since it supplies a good portion of England's required refined products, particularly aviation gasoline. On the neighboring island of Curacao the large Royal-Dutch Shell refinery at Willemstad is well inland and therefore not as susceptible to submarine shelling as the refinery at Aruba, which is on the coastline of the small island.

With the Japanese forcing the Dutch to destroy much of the oil producing area in the Far East, the refineries in the Dutch West Indies assume even greater importance to the United Nations than previously. Approximately 45% of the combined total output of crude oil of Venezuela and Colombia must be treated at the Aruba and Curacao refineries. One reason for the high toll of tankers enacted by the undersea raider or raiders is that the lack of a natural harbor forces tankers bring crude oil to the Aruba refinery or waiting loading of refined products to anchor out in the Caribbean, sometimes for an extended period, before docking space for loading or unloading is available.

Relief for overloaded railroad crude oil transportation facilities during 1942 will be afforded by a rise to nearly 200,000,000 barrels in the total of crude oil and petroleum products moved on the Mississippi Waterways System to inland refineries, thus freeing more railroad tank cars for East and West Coast service to replace lost tanker facilities. Rail movements of oil into the East reached a record peak of approximately 1,000 cars during the initial week of February, which is about 15% of demands for the Atlantic Seaboard area. Total movements for the week amounted to 223,000 barrels in 6,935 railroad tank cars.

R. A. Riddle, chief engineer of the Carolines division of the Standard Oil Co. of New Jersey, announced Tuesday in Charlotte that tank cars were being loaded from the new Baton Rouge-to-Greensboro oil pipelines for shipment to Eastern seaboard points. Sinking of coastwise tankers by enemy submarines was credited with necessitating the immediate loading of tank cars which eventually will take 40,000 barrels of gasoline daily to Eastern points. Mr. Riddle said that the Plantation Pipe Line Co. began delivery of 20,000 barrels daily for loading in tank cars at Greensboro Tuesday for transshipment by rail. Next week, he added, the pumping station will be increased to permit the loading at Charlotte of another 20,000 barrels daily. War developments made day, night and Sunday work necessary both on the pipeline and the loading of the cars, he declared.

Two shutdown days in Texas during the second week of February cut production of crude oil throughout the Nation by 260,335 barrels from its record peak of the previous week, the total dropping to 4,071,060 barrels, according to the "Oil & Gas Journal." California and Kansas were the only major oil producing fields to show higher production of crude, with all others joining Texas in reporting lower crude totals. Inventories of domestic and foreign crude oil on Feb. 1 were up 1,626,000 barrels from the previous week at 252,366,000 barrels, the Bureau of Mines reported. Holdings of American crude oil were up 1,660,000 barrels but this was partially offset by a drop of 34,000 barrels in stocks of foreign crude oil.

The 12th mid-year meeting of



the American Petroleum Institute, scheduled for May 25 to 28 at Oklahoma City, Okla., has been canceled, W. R. Boyd, Jr., President, announced this week.

There were no crude oil price changes posted for crude oil during the week.

Prices of Typical Crude per Barrel At Wells (All gravities where A. P. I. degrees are not shown)

Table listing crude oil prices for various locations including Bradford, Pa., Corning, Pa., Eastern Illinois, Illinois Basin, Mid-Cont'n't, Okla., 40 and above, etc.

Despite all of the advance rumors that Petroleum Coordinator Ickes would announce gasoline rationing to alleviate the transportation-shortage created tightness in refined products' supplies in the East in his Tuesday appearance before the House subcommittee in Washington, he merely asked for voluntary curtailment of gasoline purchases by 15% and reported that the industry recommended a night-and-Sunday shutdown of service stations.

It still seems almost certain that tanker losses through submarine attacks and through diversion to Army and Navy needs will bring a drop in shipping facilities sufficient to force some sort of rationing. Gasoline demand to date this year has run ahead of last year's record breaking pace and with the spring weather coming resumption of the rising trend in demand may reasonably be expected.

With the end of the season of peak demand for home and industrial heating oils only a short time off, it seems now as though the industry will be able to squeeze through all right as far as this branch of the refined products field is concerned.

Table showing U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery prices for New York, Steno-Vac, Tide Water Oil, etc.

Table showing Fuel Oil, F. O. B. Refinery or Terminal prices for N. Y. (Harbor) Bunker C, Diesel, Savannah, Bunker C, etc.

Market Value Of Bonds on N. Y. Stock Exchange

The New York Stock Exchange announces that as of the close of business Jan. 31, 1942, there were 1,171 bond issues aggregating \$59,075,678,533 par value listed on the Stock Exchange with a total market value of \$56,261,398,371.

In the following tables listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Table comparing Market Value and Average Price of bonds on Jan. 31, 1942 and Dec. 31, 1941, categorized by Group (U. S. Government, U. S. companies, etc.).

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

Table comparing Market Value and Average Price of bonds for 1939 and 1940, categorized by month.

January Pig Iron Production At 99.3%

The Feb. 12 issue of the "Iron Age" reported that coke pig iron production for January dropped to 4,970,531 net tons from the record output of 5,012,276 tons in December.

There were 217 furnaces in blast 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.

Table showing Merchant Iron Made, Daily Rate - Net Tons for 1942 and 1941, categorized by month.

Table showing Production of Coke Pig Iron and Ferromanganese - Net Tons for 1942 and 1941, categorized by month.

Table showing Daily Average Production of Coke Pig Iron for 1942 and 1941, categorized by month.

Retail Prices Advanced Further In January According To Fairchild Publications Index

Retail prices showed the largest monthly advance since September, 1941, according to the Fairchild Publications Retail Price Index. The index at 110.2 (Jan. 3 equals 100) showed a gain of 1.8% during the month of January.

Each of the major groups again advanced during the month; the largest increase was recorded in men's apparel, with home furnishings and piece goods following.

Excluding furs, no decreases appeared in the commodities included in the index. The greatest gains during the month were recorded by men's hose, sheets and pillow cases, men's underwear, aprons and housedresses, and men's shirts.

In commenting on the fact that the retail price advance was more rapid this month than last month, A. W. Zelomek, economist under whose supervision the index is compiled, pointed out that there were two reasons. One involves the fact that the retail prices are still below a replacement basis, as they have been during most of the time since war began.

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX JAN. 3, 1931=100

Table showing the Fairchild Publications Retail Price Index for various categories like Composite Index, Piece Goods, Men's Apparel, etc., from May 1931 to Feb. 1942.

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

January Flour Production Gains

Flour production, according to reports received by "The North-western Miller" from plants representing 65% of the total national output, increased during January 248,688 barrels over the previous month and 480,190 barrels over the same month of 1941.

Total production during January was compiled at 6,173,829 barrels, compared with 5,925,141 barrels for the month previous and 5,693,639 barrels for the same month a year ago.

The northwestern increase over the month previous was 100,307 barrels and the 1,489,167-barrel January total represented a 283,373-barrel increase over the 1941 total for the same month.

Southwestern production, totaling 2,369,316 barrels in January, was 43,151 barrels over that of the month previous and 198,833 barrels over that of the same month a year previous.

Buffalo mills reported 948,692 barrels produced during January, 20,729 barrels more than the previous month and 70,523 barrels more than the same month a year previous.

Table showing Total Monthly Flour Production (Reported by mills producing 65% of the flour manufactured in the U. S.) for 1942 and 1941, categorized by region.



### December Department Store Sales 15% Above Year Ago, Federal Reserve Board Reports

The Board of Governors of the Federal Reserve System announced on Jan. 24 that the dollar volume of October department store sales for the country as a whole was 15% larger than in the corresponding period a year ago. This compares with an increase of 11% for November and a gain of 17% for the full year of 1941 over the same periods of 1940. These figures are based on reports received from each of the 12 Federal Reserve districts. The following tables, issued by the Board, show the percentage changes from a year ago for the country as a whole, for Federal Reserve districts and for leading cities:

DEPARTMENT STORE SALES IN DECEMBER, 1941 Report by Federal Reserve Districts

Table showing percentage change from corresponding period a year ago for Federal Reserve Districts. Columns include District, % Change Dec. 1941 vs Nov. 1941, and % Change Dec. 1941 vs Year 1941.

U. S. total +15 +11 +17. \*December had one more business day this year than last year. †November had one less business day this year than last year.

#### REPORT BY CITIES

Table showing percentage change from corresponding period a year ago for various cities. Columns include City, Year, and % Change.

### January Engineering Construction Up

After a slow start, heavy engineering construction turned sharply upward in the last half of January to reach \$623,780,000, the top volume reported for any opening month on record, according to "Engineering News-Record" Feb. 12. The total for the five weeks of January averaged \$125,756,000 per week, a 7 1/2% gain over the average for January, 1941, and 86 1/2% above the weekly average for the four weeks of December, 1941.

Public construction was responsible for the gains, topping last January by 41%, and gaining 103% over the December average. The private total dropped 71% from the corresponding month last year, and was 15% under last month's weekly average volume.

Federal work climbed 81% over a year ago, and 137% over a month ago; State and municipal volume was 40% below January, 1941, but 19% above December.

Construction volumes for the three months are:

Table showing construction volumes for Jan. 1941, Dec. 1941, and Jan. 1942. Rows include Total Construction, Private Construction, Public Construction, State and Municipal, and Federal.

January averages in the various classes of construction compared with those for January, 1941, revealed gains in public buildings, 24%; earthwork and drainage, 1,980%; and unclassified construction, 28%. Losses were on streets and roads, 40 1/2%; industrial buildings, 77%; commercial building and large-scale private housing, 60%; bridges, 54%; waterworks, 7%; and sewerage, 46%.

Comparison of current averages with those for December, 1941, showed increases in public buildings of 73%; industrial buildings, 6%; bridges, 76%; waterworks, 119%; earthwork and drainage, 1,355%; and unclassified construction, 142%. Decreases were in streets and roads, 13%; commercial building and large-scale private housing, 19 1/2%; and sewerage, 21%.

Geographically, Southern construction volume rose 70% over a year ago, and Middle Atlantic climbed 8%. All other sections were below their January, 1941 totals, ranging from 0.4% in the West of the Mississippi states to 29% in the Middle West.

All regions exceeded their December totals. South was 285% higher; Middle West, up 77%; Middle Atlantic, 52 1/2%; New England, 28%; Far West, 26%; and West of Mississippi, 24%.

#### New Capital

New capital for construction purposes for January, \$559,914,000, is 496% above the financing total reported for the corresponding month last year, but 72% below December, 1941, as reported by "Engineering News-Record." The January, 1942, total included \$98,614,000 in private investment; \$11,300,000 in federal financing of non-federal work; and \$450,000,000 in federal appropriations for military construction.

### Cottonseed Receipts Again Below Last Year

On Feb. 13 the Bureau of the Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the 6 months ended with January, 1942 and 1941:

Table showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the 6 months ended with January, 1942 and 1941. Columns include Received at mills, Crushed, On hand at mills, and COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND.

\*Does not include 130,529 and 39,507 tons on hand Aug. 1 nor 31,900 and 23,347 tons reshipped for 1942 and 1941, respectively. †Does include 665 tons destroyed for 1941.

Table showing cottonseed products manufactured, shipped out, and on hand. Columns include Item, Season, On hand, Produced, and Shipped out.

\*Includes 13,192,000 and 98,266,000 pounds held by refining and manufacturing establishments and 7,859,000 and 23,331,000 pounds in transit to refiners and consumers Aug. 1, 1941, and Jan. 31, 1942, respectively.

†Includes 7,268,000 and 5,162,000 pounds held by refiners, brokers, agents and warehousemen at places other than refineries and manufacturing establishments and 3,903,000 and 4,209,000 pounds in transit to manufacturers of shortening, oleomargarine, soap, etc., Aug. 1, 1941, and Jan. 31, 1942, respectively.

Exports and Imports of Cottonseed Products. In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

### Cost of Living Up 1.4% From Dec. to Jan., According to Industrial Conference Board

The cost of living for wage earners and lower-salaried clerical workers in the United States rose 1.4% from December to January, according to the The Conference Board, New York, which under date of Feb. 13 said that food rose 2.8%, clothing 2.9%, housing 0.2%, and fuel and light 0.1%. Sundries rose 0.3%. The Board's announcement further said:

The Board's index of the cost of living (1923=100) was 94.5 in January, as compared with 93.2 in December, 92.9 in November, 92.0 in October, 90.8 in September, and 86.0 in January, 1941.

Living costs were 9.9% higher than in January, 1941. Food rose 21.0%, clothing 12.9%, fuel and light 4.6%, sundries 4.4% and housing 2.9%.

Living costs were 12.5% higher than in August, 1939. Since then food has risen 26.4%, clothing 14.6%, fuel and light 7.6%, sundries 5.8%, and housing 4.4%.

The cost of living in January, 1942, was nevertheless only 5.9% higher than in October, 1937, and it was 5.6% lower than the average for 1929.

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

Table showing the Conference Board index of the cost of living, by main components, for December and January, with percentage changes. Columns include Item, Relative Importance, Indexes of the Cost of Living, and Pct. of Inc. (+) or Dec. (-).

\*Based on the Conference Board index of food prices for Jan. 15, 1942 and Dec. 15, 1941. †Based upon retail prices of 35 kilowatt hours of electricity, 1,000 cubic feet of natural gas, or 2,000 cubic feet of manufactured gas. ‡Revised.

### FDR Directs Surplus Govt. Workers To War Work

President Roosevelt disclosed on Feb. 13 that he had instructed the heads of all Federal agencies to release surplus personnel so that they may be "effectively channeled into defense work." In his directive, the President, noting that practically all Governmental agencies had extended their work-week to 44 hours, said that those which were adequately staffed for the 39-hour work-week and not confronted with increased work programs, are now overstaffed. He added that "it is imperative that this man-power be immediately capitalized."

At his press conference the same day (Feb. 13), the President said that it was up to Congress to take the necessary steps to eliminate or curtail any so-called non-essential Governmental activities. He stated that Congress had given him directives to carry on certain activities which it considered essential and that, therefore, they would have to decide what functions should be cut to save money in war-time.

The text of President Roosevelt's directive to heads of Federal agencies concerning the effective use of governmental personnel in defense work follows:

To the heads of all departments, establishments and agencies of the Federal Government:

Subject: Utilization of additional personnel facilities made available by adoption of the 44-hour work week.

The voluntary extension of the work week to 44 hours by practically all agencies throughout the departmental and field services of the government has greatly augmented the man-hours of Federal employment.

This substantial increase in the work week has provided material relief for those agencies which were understaffed to meet their increased work load under the defense program and calls for a re-survey of personnel requirements during the remainder of this fiscal year and for the fiscal year 1943. Obviously those agencies which were adequately staffed on the basis of the 39-hour week, and are not confronted with an increase in work programs, are now overstaffed.

It is imperative that this man power be immediately capitalized and effectively channeled into defense work. This means that agency heads must survey every operational activity and determine those employees who may be promptly released for employment in other agencies. Particularly in Washington this action must be expedited in order to help meet the shortage in personnel and housing and to avoid as far as possible bringing new employes into the city. To the extent that experienced personnel can thus be obtained the housing situation in Washington will be helped and the demand for office space decreased.

I have instructed the Director of the Bureau of the Budget, in cooperation with the executive departments, independent establishments and agencies, immediately to review appropriations for personnel services, departmental and field, and to establish administrative reserves for the remainder of the fiscal year 1942 in proportion to the approximate increase in man hours which are accruing to the respective agencies.

### Clarke In New Post

H. H. Clarke, for the past year Director of the News Bureau of the New York State Bankers' Association, has been appointed Assistant Secretary by the Association's Council of Administration, it is announced by Eugene C. Donovan, President.



## Eccles Urges Reserve Banks Buy Govts. From Treasury Under War Powers Bill

Endorsement by M. S. Eccles of the provisions in the pending Second War Powers Bill, permitting the Federal Reserve Banks to buy Government obligations direct from the Treasury, was voiced on Jan. 30 before the House Judiciary Committee. The bill was passed by the Senate on Jan. 28, and on Feb. 6 the House Committee approved the bill with minor amendments. The testimony of Mr. Eccles, who is Chairman of the Board of the Federal Reserve System, was made public on Feb. 4. According to special advices Feb. 4 to the New York "Times" from Washington, Mr. Eccles' testimony in favor of the provision contained these points:

1. That it would help to stabilize the market for Government securities.
2. That it would permit control of the interest rate by the Board.
3. That it was an emergency measure to be terminated after the war and to be used by the Board only in the event the market sagged at the time of Treasury offerings, or to prevent undue rises in the market.

In its account of what Mr. Eccles had to say the "Wall Street Journal" of Feb. 5 reported the following from Washington:

Mr. Eccles said that the Reserve Board and the Treasury wanted to remove the restriction against Reserve Bank purchases of Government obligations except in the open market chiefly as an emergency measure. It might come in handy, he said, in case the bond market were unsettled by an international crisis just as the Treasury was ready to sell securities.

However, he added that he expected the Reserve Banks would confine most of their purchases to short-term bills and notes, buying bonds only when necessary to stabilize the market.

"It is designed to assure the Treasury of its needed financing without any hampering, without the Treasury being dictated to, in a sense, by the market," the Reserve Board Chairman told the committee. "In a war economy, the markets for practically everything are controlled. Your commodity market is controlled. You have price controls. It certainly would seem to us that the Treasury, with the assistance of the Federal Reserve System, should be in a position, likewise, to exercise some control in the money market situation."

Chairman Eccles said that Reserve Bank purchases of U. S. securities directly from the Treasury would strengthen the market by easing the supply of bonds.

The real opposition to giving the Reserve System the authority to buy Federal obligations directly from the Treasury, Mr. Eccles charged, is coming from specialists and "some of the larger banks" engaged in the distribution of Government securities. He conceded that exercise of the authority would keep down high interest rates and interfere with commissions of bond dealers in some instances. But it saves the Government this money, he pointed out.

Mr. Eccles denied charges made by Senator Taft (Rep., Ohio) when the bill passed the Senate, that the measure would eliminate the present system of marketing Government bonds and would contribute to inflation.

"What Senator Taft says, in the first place," Mr. Eccles asserted, "just isn't true."

He explained that the power given the Federal Reserve banks is permissive, that is, the Treasury cannot force the banks to take securities from it. It would be used, in any event,

he added, only in emergencies, when the market needs support.

It is no more inflationary for the Reserve banks to purchase from the Treasury directly, he pointed out, than it is for them to purchase in the open market as is now the case. In either case, he said, it is somewhat inflationary because it increases the total supply of funds.

Reporting that Mr. Eccles said that the present relatively low interest rate on Government securities "has been due to the easy money policy pursued by the Government," the "Times" advices, referred to above, added in part:

"The gold devaluation and the gold that has come in have been great factors in creating the supply of funds, as well as the excess reserves," he said.

Also given as a reason for desiring the power conferred by the provision was the authority by which the Reserve System could control the market for Government bonds, Mr. Eccles said. He added that the Government was interested in protecting the market for the purchasers of defense bonds, as "nothing would be more disastrous to the Treasury financing or to the savers outside of the banks than to have a rapidly declining market."

Use of "indirect" methods of stabilizing the market was undertaken by the Federal Reserve the day after the attack on Pearl Harbor, Mr. Eccles revealed, when the Treasury was offering \$150,000,000 in 90-day bills. He had been asked by the committee whether there had been a breakdown in the Government bond market after the beginning of war.

He replied: "I would not say that there had been a breakdown; no. I would say that the market has held pretty well. The Federal Reserve, of course, has given at different times some substantial support to the market or there would have been a greater decline than there has been at times."

On Jan. 28 the Senate refused to restrict proposed authority in the Second War Powers Bill for the Federal Reserve Banks to buy Government securities direct instead of on the open market. Associated Press advices from Washington indicating this, said:

It [the Senate] rejected, 51 to 25, an amendment by Senator Taft (R., Ohio) which would have limited any such purchases to 30-day maturities and restricted to \$2,000,000,000 the total of direct purchases that could be held by the banks at any one time.

Senator Taft proposed this restriction after withdrawing a motion to eliminate the authority entirely from pending war powers legislation.

Mr. Taft contended that the proposed authority would enable the Government to force the Federal Reserve Banks to buy unlimited amounts of Federal securities at any interest rate the Treasury named, but Senator Glass (D., Va.) and Majority Leader Barkley (D., Ky.) disagreed, asserting that the banks would not be compelled to buy any bonds.

Senator Taft, Senator Vandenberg (R., Mich.) and Senator George (D., G.) told the Senate that permitting the direct sale would give rise to the danger of currency inflation and re-

move incentive for sound financing.

In the New York "Journal of Commerce" of Feb. 6 it was stated that bankers and Government securities dealers denied that they opposed granting the Reserve Banks power to buy Government securities directly from the Treasury as a war measure, as had been asserted by Mr. Eccles. The paper quoted said:

Canvass of opinion in banking quarters yesterday failed to disclose such opposition. Some bankers said that they opposed direct sales as a permanent method of financing, but appreciated that it might be necessary from time to time in emergencies. There were some who held that the issue was without importance. These said that they favored the proposal simply in virtue of the fact that the authorities felt that it was necessary.

## Reserve Bank's Buying Govts. Favored by ABA

Approval of the provisions of the "Second War Powers Bill," which would permit the Federal Reserve banks to purchase U. S. Government obligations directly from the Treasury instead of through the open market only, provided that authority should terminate with the resumption of peace as provided in the original bill, was voiced by the American Bankers Association in a letter addressed by Henry W. Koenke, President of the Association, to Senator Van Nuys, Chairman of the Senate Judiciary Committee on Jan. 29, which was released in New York on Feb. 6. Mr. Koenke is President of the Security Bank of Ponca City, Okla. In his letter, Mr. Koenke stated that the American Bankers Association "does not oppose this extension of authority to the Federal Reserve System as a war measure. It is of the utmost importance, however," he said, "that there be a definite termination of the authority with the resumption of peace as has been provided for in this bill." The letter of Mr. Koenke to Senator Van Nuys:

The "Second War Powers Bill," which we understand is embodied in Senate Bill No. 2208, would permit the Federal Reserve banks to purchase securities which are primary obligations of the United States or fully guaranteed by the United States directly from the Treasury instead of through the open market only, as provided in existing legislation. The bill in its present form provides that this authority will expire automatically six months after the termination of the war emergency, or at such earlier time as the Congress by concurrent resolution, or the President may designate.

The American Bankers Association does not oppose this extension of authority to the Federal Reserve System as a war measure. It recognizes that certain restrictions which normally safeguard the fiscal, monetary, and banking systems are often inoperative in time of war. It is of the utmost importance, however, that there be a definite termination of the authority with the resumption of peace as has been provided for in this bill.

The present provision of law was adopted in the Banking Act of 1935 after careful deliberation and extended hearings. The law should not be changed permanently without equally careful consideration.

These are considerations which you probably have in mind, but the matter is of such great importance that we wanted to be sure you knew the views of the American Bankers Association.

## ABA To Hold Credit Clinic In New York

Among the speakers to be heard at the forthcoming credit clinic of the American Bankers Association, to be held March 4, 5 and 6 at the Waldorf-Astoria Hotel in New York City, are Charles B. Henderson, Chairman of the Reconstruction Finance Corporation; Ronald Ransom, Vice-Chairman of the Board of Governors of the Federal Reserve System; Dr. Marcus Nadler, Assistant Director, Institute of International Finance, New York University; Dr. W. Randolph Burgess, Vice-Chairman of the Board, National City Bank of New York; Abner H. Ferguson, Administrator of the Federal Housing Administration, and A. L. M. Wiggins, Second Vice-President of the American Bankers Association and Chairman of its Committee on Federal Legislation, and President Bank of Hartsville, Hartsville, S. C. In announcing these speakers, Henry W. Koenke, President of the Association, states that the program for the clinic is approaching completion. Mr. Koenke is President of the Security Bank of Ponca City, Okla.

The clinic will be devoted to credit problems only, Mr. Koenke says, and will be organized under the three major fields of credit, namely, agricultural credit, consumer credit and commercial credit, and the discussions will naturally be slanted in the direction of credit operation and service under wartime conditions. The program is being arranged to provide for talks by outstanding experts in the morning, with the delegates breaking down into smaller groups in the afternoon for the exploration of the various subjects on the program. In this way it is hoped that each subject will be thoroughly explored during the three days of the clinic.

A feature of the clinic will be the economics panel which has proved so popular in the past few years at the regional conferences of the Association. The participants in this panel on Thursday evening, March 5, will be Dr. William A. Irwin, National Educational Director, American Institute of Banking; Willard E. Atkins, Chairman of the Department of Economics, New York University; A. Anton Friedrich, Director, Division of Unified Studies, New York University, and Montfort Jones, Professor of Finance at the University of Pittsburgh.

## Plant Conversion No. 1 Problem for Industry

Donald M. Nelson, head of the War Production Board, told American industry that its facilities must be converted to war production or essential civilian needs with increasing speed. His remarks follow:

Production goals set by the President are high, but the stakes in this struggle—freedom and democracy—are much higher.

These goals must be attained. Conversion must be the industrial evolution of 1942.

Hitler and his Axis satellites converted years ago. We have only a fraction of the time they enjoyed.

The War Production Board has studied carefully the President's blueprint for victory which calls for the production of 60,000 airplanes, 45,000 tanks, 20,000 anti-aircraft guns and 8,000,000 tons of shipping during 1942.

The Board has been working intensively to translate these production goals into exact requirements in terms of materials, manpower and machines.

This work has progressed to the point where it is now clear

that the two-year production schedule can be fulfilled only by sweeping action. The only course open to the War Production Board is to convert many plants now manufacturing peacetime goods to the production of munitions. There is no time to build new plants; there are not enough materials to go around; there is not enough manpower to duplicate our productive resources. Conversion is the only straight, fast road to victory.

This will be our principal goal for the next six months.

Plants which have turned out civilian products can in many cases be adapted to war production, as England discovered after Dunkerque.

The War Production Board has started with conversion programs, now under way in the automobile, refrigerator and typewriter industries. Many other industries have converted part of their facilities due to previous curtailment orders and in such cases a far larger proportion of their facilities must be devoted to war work. Still other industries, which have not produced munitions at all in the past, will be called to Washington in the course of the next few weeks to take on their share of the war job.

Speed is essential, for any lagging in the conversion effort may lead directly to the death of American fighting men.

The Government will help. Field offices will give advice and assistance on subcontracting; the War Production Board's new Division of Industry Operations, with branch chiefs for all industries, will spend conversion of industries and plants.

But industry has a major job to do on its own. American businessmen built the Nation by ingenuity in meeting new problems. Conversion is the biggest problem they have ever confronted.

We must have all-out conversion, for all-out conversion will mean victory.

Conversion is our number one problem.

It is America's job.

## FDR Wants Congressmen Who Will Support Govt.

President Roosevelt told a press conference on Feb. 6 that when the country is at war we want Congressmen who, regardless of party, will back up the Government of the United States and have a record of backing it up regardless of party. The President made this statement when asked for comment on a recent speech by Edward J. Flynn, Chairman of the Democratic National Committee, in which he said that the election of a Congress hostile to the President would be the same as a major military defeat. Mr. Roosevelt said he had not read Mr. Flynn's speech but gave his view when told what Mr. Flynn had said.

## Doty Elected Ass'n Pres.

Foster W. Doty, Vice-President of the Commercial National Bank and Trust Co. of New York, was elected President of the Corporate Fiduciaries Association of New York City at a meeting held recently.

A. Nye Van Vleck, Vice-President of the Guaranty Trust Co., was elected Vice-President of the Association and E. W. Berry, Trust Officer of the Manufacturers Trust Co., was re-elected Secretary and Treasurer.

The following were elected to membership on the Executive Committee, their terms to expire in 1945: C. A. Allen, Vice-President, Kings County Trust Co.; Baldwin Maull, Vice-President, Marine Midland Trust Co., and Stewart L. De Vausney, Vice-President, Bank of New York.



## Dispute Increased Inflationary Powers Would Result From Reserve Bank Purchasing Govts.

With respect to the Congressional authority sought to permit the Federal Reserve Banks to purchase Government bonds direct from the Treasury, the Economist National Committee on Monetary Authorities, disputes the contentions of Marriner S. Eccles, Chairman of the Board of Governors of the Reserve System, that such authority would not result in increased inflationary powers. The Economist National Committee, of which Edwin W. Kemmerer, of Princeton University, is President, has made a survey of the provisions in the pending Second War Powers Bill, permitting such direct buying and according to the New York "Times" of Feb. 9, reported its findings on Feb. 7 to Hatton W. Sumners, Chairman of the House Judiciary Committee. The letter to the latter, signed by Walter E. Spahr, of New York University, Secretary and Treasurer of the Economist Committee, had the following to say, according to the New York "Times" of Feb. 9:

"It was reported in the press on Feb. 5 that Chairman Eccles (of the Reserve Board) stated before the House Judiciary Committee that if Title IV . . . is passed the Reserve Banks will not be compelled to buy these securities, and such procedure is no more inflationary than open market purchases.

It is most important that both Congress and the public understand that the grant of this power to the Reserve Banks removes all obstructions to a rapid and direct monetization of the Federal debt by the banks, and that this is precisely the path taken by Germany which led her into runaway inflation and the collapse of 1932.

Any one who studies our experience of 1917-1920 should see how easily our Federal Reserve System became almost completely subservient to the Treasury in a time of war financing. Some have called this experience cooperation on the part of the Reserve authorities and the Treasury. The fact is, however, that the Reserve authorities were not only the fiscal agents of the Treasury but thoroughly dominated by it.

Dr. O. M. W. Sprague stated the situation accurately when he said: "The Reserve Board and the officials of the Reserve Banks could offer advice and criticism; they could not decline to do their part in executing the policy of the Treasury." A. C. Miller of the Federal Reserve Board put it as follows: "In brief, the discount policy of the Federal Reserve System was treated as an element of the Treasury's loan policy, the Federal Reserve System virtually ceasing to exercise, for the time being, its normal function of regulating credit. The Federal Reserve Board adopted a policy in order to assist in the war financing which was economically unsound."

W. P. G. Harding, Benjamin Strong and others have described the helpfulness of the Reserve System, under Treasury domination, in similar words. But quite beyond this compulsion of circumstances, sometimes called cooperation, stands section 10, paragraph 6 of the Federal Reserve Act, which says that "wherever any power vested by this Act in the Board of Governors of the Federal Reserve System or the Federal Reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary." This is very clear English, and there is nothing in the opinion of the Attorney General rendered in 1914 (30 Op. Attys. Gen., pp. 308-314, Nov. 26, 1914) which indicates that this section of the Act does not mean precisely what it says.

Thus, the compulsion of circumstances, our past experience, the Federal Reserve Act, and the lessons learned by other nations, all clearly refute the assertions made by Chairman Eccles before your committee.

The support of the open market by the Reserve banks is a very different thing from acting as a passive or helpless receiver of the Government's securities which are then used by the Reserve banks as illiquid assets against which demand deposits are created or Federal Reserve notes issued.

Let it not be forgotten that after Germany's sad experience with this invitation to disaster, she attempted to protect herself against a repetition of such a tragedy by providing in the first sentence of the German Bank Act of 1924 that the Reichsbank is a bank independent of government control.

The American people should not be forced to endure a similar experience in order to profit by that lesson.

## Income Tax Reforms Urged by N. Y. Chamber

At the Budget hearing in the Assembly Chamber at Albany on Feb. 10, Howard Fenney, Director of Research of the Chamber of Commerce of the State of New York, stated that the Chamber has three recommendations to make in connection with the budget. Two are in reference to the State Income Tax law; the other in reference to State economy. He said:

Before the Legislature approves a budget for the coming fiscal year, the Chamber urges that legislation be enacted (1) to allow the deduction of Federal income tax payments in computing State returns and (2) to allow taxpayers to pay their State income tax in quarterly instalments on dates which will not coincide with Federal tax payments, both of these amendments to become effective in the payment of taxes covering the year 1941.

Our organization, in common with others which have been working for these income tax reforms, is aware of the opposition of Governor Lehman to the first of these recommendations.

Despite the position taken by the Governor on the deduction of Federal tax payments, however, the same sound arguments can still be advanced for the repeal of the double tax law. Among these are (a) money which an individual receives but cannot personally use because he is compelled to pay it out in taxes properly cannot be classed as free income; (b) the Federal Government recognizes this principle in allowing the deduction of income taxes paid to the State; (c) the State government recognizes it when it allows the deduction of other taxes paid; (d) New York is one of a minority of only nine States having State income tax laws which refuse to permit the deduction; (e) the imposition of this tax-upon-a-tax is one of the irritants which has driven industry and residents from New York State.

Only two objections to the repeal of the tax have been put forward. One is that it would

reduce the State's revenues, which obviously it would, and the second is that the more Federal income tax an individual pays, the more he would benefit by the deduction, which also is true. Both of these objections ignore the fundamental issue of whether or not a tax-upon-a-tax is fair and equitable in principle.

Honesty in taxation is of far greater importance than the question of whether the State can afford it or whether it would benefit one class of taxpayers more than another. If anticipated loss of revenue cannot be made up for wholly by economies, the difference should be made up by the substitution of a sound equitable tax.

Taxpayers have a right to demand frankness and straightforwardness in the tax structure. They know they are not getting it when the State refuses to allow them to deduct a tax they have paid to the Federal Government.

While the 25% emergency reduction in income taxes proposed by the Governor is very welcome, this reduction, like the \$5,000,000 proposed reduction in State expenditures, cannot be attributed to State economy. It was made possible by a budget surplus accumulated by over-taxation and by defense and war business boosting private income and business profits. The proposed reduction in State expenditures represents a decrease of less than 2%. Considering the fact that the Nation is at war, that taxpayers must pay the highest taxes in history, that the cost of living has greatly advanced and will go much higher and that everyone is being urged to buy defense bonds, the State's economy contribution to the war effort and its assistance to its taxpayers is microscopic.

Our Chamber believes that the Legislature can go considerably farther than the Governor has in pruning down State expenditures and it earnestly hopes that it will. Certainly all of the State's taxpayers will have to cut down their normal expenditures more than 2%. In the case of many taxpayers it means that they will have to reduce their spending for things which they regard as necessary by as much as 10 to 20%.

The Chamber recommends the creation of a temporary State commission to study the State's fiscal affairs and recommend economies—a commission patterned after the Byrd Committee in Congress which pointed out where more than \$1,300,000,000 could be saved in Federal expenditures. Such a commission is provided for in the Graves bill (S. Int. 318) now before the Legislature.

The American people are in what promises to be a long period of sacrifices and New York State must do its part by pigeon-holing for "the duration" its slogan, "spending as usual."

## Home Loan Bank Meeting

The 1942 stockholders' meeting of the Federal Home Loan Bank of Chicago will be held at the Palmer House in Chicago, on March 21, the member savings, building and loan associations in Illinois and Wisconsin were notified on Feb. 6. Member institutions now number 454, which is 95% more than the number eligible to be represented at the original stockholders' meeting in 1934. In the past eight years the bank has thus mobilized 84% of the total assets of all thrift and home financing institutions in the two States. According to A. R. Gardner, President, institutions with approximately \$438,000,000 in assets constitute the bank's membership.

## Labor Board Warned Against Wage Raises

Leon Henderson, Price Administrator, has recommended to the National War Labor Board that it rule against general, "substantial" wage increase demands by union labor, because of their inflationary influence, the Associated Press reported. According to these advices, Mr. Henderson addressed a full session of the Labor Board last week, a spokesman for him said, and informed the members that there was grave danger in further increasing costs to industry because, in the spokesman's words, "industry now cannot absorb many more cost increases." The Associated Press dispatch further stated:

The spokesman declined to comment on whether Mr. Henderson made direct reference to the CIO steel workers' union's demand for \$1 a day wage boosts in the Bethlehem and Republic Steel Companies, or to the CIO automobile workers' wage demands on General Motors. The steel case is now before the Board, and being closely watched for its possible effect on future wage policy.

Mr. Henderson is reported to have suggested to the Board that wage increases, if found necessary, might be prevented from having a disastrously inflationary effect if the Board "sterilized" them; that is, if the Board ruled that the increases should be paid in defense bonds or stamps which would not immediately affect the flow of money into the hands of purchasers.

The same views also were reported to have been embodied in a letter from Mr. Henderson to President Roosevelt which Mr. Roosevelt read to the CIO-AFL representatives at the White House last week.

Mr. Henderson was said to have told the Labor Board that general, substantial pay increases would penalize consumers, especially low-income groups, by forcing price advances.

With respect to the report that the President had read a letter from Mr. Henderson to the AFL-CIO delegates, Mr. Roosevelt is said to have indicated at his press conference on Feb. 10 that he had not read any memorandum from any one to the group.

## Study Coffee Rationing

The Office of Price Administration at Washington made known on Jan. 30 that it was studying possible allocation of coffee stocks or import licensing to prevent maldistribution of stocks. Price Administrator Leon Henderson said that such controls will be applied if the coffee problem becomes more critical. As a preliminary step in the matter, the OPA is sending out a questionnaire seeking details on the volume of business handled by individual firms. It was explained that the coffee problem is not one of supply, since stocks are considered ample, but rather is it one of restricted flow of the coffee supply and withholding of stocks by primary producers. The OPA attributes this attitude to unfounded reports emanating from trade circles in New York and elsewhere, suggesting the possibility of coffee quota increases and advances in the maximum price ceilings. In order to clarify the situation, Mr. Henderson issued a statement saying that the OPA "does not contemplate any major changes in the coffee price ceiling and none in the price itself." He added that the only two official sources of information on coffee are the Inter-American Coffee Board on quotas and the OPA on prices.

## ABA Savs. Division To Survey Operating Costs

A survey of savings operating costs of mutual savings banks and a group of commercial banks with savings departments is being undertaken by the Savings Division of the American Bankers Association, it is announced by C. L. Robey, Chairman of the Division's Subcommittee on Savings Costs. Mr. Robey is President of the Purcellville National Bank, of Purcellville, Va. According to the announcement, the analysis of the mutual savings bank operating costs will be conducted separately from that of the commercial banks. The surveys will be coordinated when they are completed, in order that the two types of banks will be able to compare their costs of operation with each other, as well as to determine their relative costs in comparison with institutions of their own type.

The survey among the commercial banks will be conducted under the supervision of Mr. Robey, and the analysis of mutual savings bank operating costs will be supervised by Bernard Townsend, Vice-Chairman of the Division's Subcommittee on Savings Costs, who is President of the Troy Savings Bank, Troy, N. Y.

Questionnaires will be sent to the participating banks which will enable them to prepare and return figures on their costs of operation. In describing the research project, Mr. Townsend informed mutual savings banks as follows:

I am convinced that banks may look forward to concrete results on which to base administrative action. The plan of procedure will be sent only to banks indicating a desire to participate. The work will be confidentially conducted in the office of the Savings Division and the results will be released under codes which will indicate the type and size of banks without revealing the identity of any institution.

## Stolen Auto Tax Stamps

The theft of motor vehicle use tax stamps in a number of instances has been reported to the Treasury Department, it has been announced. The announcement went on to say:

The Department has prepared a simple procedure to be followed where a stamp is lost or stolen. It will be necessary for the taxpayer to establish to the satisfaction of the Collector of Internal Revenue that he had purchased an internal revenue stamp and that it had been lost or stolen from the vehicle to which it was attached, whereupon he will be furnished with a statement which will be accepted by all Federal officers as evidence of the fact that the owner of the motor vehicle named thereon has paid the use tax in respect of the vehicle described for the period indicated.

## Passenger Cars On Order Jan. 1

Class I railroads and the Pullman Company had 513 new passenger cars on order on Jan. 1, 1942, the Association of American Railroads announced on Feb. 9.

This was an increase of 233, compared with the number on order on Jan. 1, 1941, at which time there were 280. Of the total, Class I railroads had 316 new passenger cars on order on Jan. 1, this year, compared with 231 on the same date one year ago, and the Pullman Company had 197 on order, compared with 49 on Jan. 1, 1941.



## Increase Corporate, Individual Taxes Eccles Urges, Favors "Withholding" Tax

Reiterating his views previously enunciated, Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, declared that inasmuch as \$9,000,000,000 of additional taxes must be collected in the coming fiscal year, "we must turn first to the corporations whose taxes, especially excess profits taxes, will have to be steeply increased." "It is of equal importance," said Mr. Eccles, "than the base of the individual income tax be widened by reducing personal exemptions so that the income tax will reach down to the subsistence level. From this level," he added "rates must be greatly increased all the way up." To enable the collection of income taxes at the source "before the funds have gone into the spending stream a withholding tax is necessary," said Mr. Eccles, and the amount paid in such taxes he stated "can be deductible from the amount due later in income taxes." Similar views were expressed by Mr. Eccles on Jan. 19, and reference thereto appeared in our issue of Jan. 22, page 332. His Feb. 12 remarks were contained in an address delivered at the Town Hall in New York, before America's Town Meeting of the Air over Station WJZ and the Blue Network. His address at the Town Hall follows:

I am much more concerned about winning this war than I am about financing it. The problem of financing the war would be comparatively simple if all of us on the civilian front understood as clearly as do our armed forces on the fighting front that our very survival as a nation is at stake. Then the farmers would not be contending for higher prices, labor for increased wages, and business for continued high profits. We would be willing to cut our civilian expenditures to the bone in order to save every dollar that we can. We would readily accept much higher taxes and turn our savings over to the Government by purchasing Defense Bonds. Too many of our people are still spending all of their incomes and even going further into debt to buy more things. The war can never be won—much less inflation avoided—unless we awaken to the grim realities of the life and death struggle in which we are engaged.

The problem of winning this war is a physical, not a financial, one. It is a question of effectively using our man power, raw materials and productive capacity. Half of our national effort must be devoted to the war. Only what is left after the maximum war effort is made will be available for civilian use.

In order to finance the war without inflation, civilian buying must be reduced to fit the diminishing supply of goods and services available for civilian consumption. We are rapidly approaching a national income of approximately \$110 billions. About half of that must go for war purposes, leaving the other half for civilian use. The \$50-odd billions which the Government requires must be collected from the public in the form of taxes and borrowings. In other words, upwards of 50 billions of civilian dollars must be drawn into the war effort and not left to compete in the market place for the shrinking supply of civilian goods. Otherwise, the rising tide of national income would rapidly bid up prices and precipitate a ruinous inflation.

This entails making—not just talking about—sacrifices. So far, our standard of living is at the highest peak of all time. It must be drastically reduced in order to make the supreme effort that alone will assure victory. The time to make the supreme effort is now. The time to reduce our individual expen-

ditures is now, not after inflation has taken hold. The time for business to accept smaller profits, the time for labor to forego wage increases and for farmers to forego price advances is now. This is the time when we must all contribute our utmost to the common effort and not squabble among ourselves to see who can get the most out of it.

Of the more than 50 billions which must be drawn into the war chest in the next fiscal year, it is proposed to collect about half in taxes, the other half from sale of Defense Bonds and other Government securities. As for the borrowing, it should come from current incomes of individuals and corporations, thus diverting to war needs funds that otherwise would tend to bid up prices of civilian goods. To the extent that the public fails to divert a sufficient amount of current income into the purchase of Government securities, the Government will be obliged to borrow from the banking system. This process creates additional funds, and since it adds nothing to the supply of goods, it makes for inflation.

As to taxes, the present program calls for an increase of \$9 billions in the next fiscal year over the amount provided for under present law. These taxes cannot be collected by shifting the load to any one group or class, but, only by the widest distribution among all groups of taxpayers, except those whose incomes are no more than enough to maintain health and morale. No matter what our financing program may be, it can be defeated through demands for increased wages, prices and profits.

The hard fact is that the more we produce, for war, the less we can produce for civilian needs. Only a limited and a diminishing volume of goods will be available for the public to purchase. You may be able to increase the dollars in your pay envelope but this will not add to the goods that are offered for sale. We are only fooling ourselves by exchanging more dollars for the same or a smaller amount of goods. That process is known as inflation and spells ultimate ruin.

As for the \$9 billions of additional taxes that must be collected in the coming fiscal year, we must turn first to the corporations whose taxes, especially excess profits taxes, will have to be steeply increased. They are the primary recipients of the Government's enormous expenditures. They are the logical primary sources to which we must turn to recapture funds that otherwise tend to go into the spending stream. There is no proposal to end the profit motive, even in wartime. Yet even that sacrifice would not be too great a price to pay to preserve our industries so that when peace comes they will have something left with which to make a profit. Unless existing corporation taxes are sharply increased corporations will have left over after paying 1942 taxes about \$3 billions more than they had in 1939. As against this, the war is putting many concerns out of business. Others that have been prosperous in peace will be barely able to survive. Those that are earning large or even moderate profits should be willing to pay

substantially higher taxes in this crisis. Until this is done we cannot expect labor to abate its demands for an increased share in these profits.

It is of equal importance that the base of the individual income tax be widened by reducing personal exemptions so that the income tax will reach down to the subsistence level. From this level, rates must be greatly increased all the way up.

In order that some of the income taxes may be collected at the source and before the funds have gone into the spending stream, a withholding tax is necessary. The amount paid in withholding taxes can be made deductible from the amount due later in income taxes. Glaring loopholes in our tax structure which have been widely used as a means of tax avoidance must be closed. We must apply selective excise taxes on an increasing number of articles, thereby curtailing private consumption of critical raw materials.

The measures I have indicated would do away with the necessity for a general sales tax, which reaches into the pockets of those below subsistence level. A sales tax hits the poor harder than the rich because the poor need all their income to buy the necessities of life. A general sales tax would immediately increase prices and the cost of living. It would precipitate wide-spread demands for higher wages to offset the added costs of living. That is the inflation spiral.

The sacrifices involved in the program I have outlined for the individual and corporate taxpayer are, in fact, no sacrifices at all compared to what we are asking of our armed forces on the battle fronts. They are getting no profits for their patriotism. They are risking or giving not their dollars but their lives. They are not on a 40-hour-a-week basis. There is no time-and-a-half for overtime behind the guns in the Philippines, on the high seas, or anywhere else. When those of us on the home front wake up to the fact that we are fighting for our very lives, we will stop talking about the profits, the wages, the prices we can get out of the war. Only then will we really begin to fight. And just one thing is going to win this war—and that is fighting.

### Keeps Post As U. S. Banker

Under date of Feb. 5 the New York "Times" reported the following by telephone from Basle, Switzerland:

Thomas McKittrick, President of the Bank for International Settlements, will retain his post in full agreement with the other members of the bank despite the fact his American nationality is that of a belligerent.

The bank regulations admit of the constitution of a "presidential council" of two neutrals in the event of the President's being requested to relinquish his post, but in view of Mr. McKittrick's excellent management it is understood both the Italian and German commissions requested that he be allowed to retain his post.

Mr. McKittrick is leaving tomorrow for a two-week vacation—his first since the war.

### W. H. Boyce Dead

William H. Boyce, former Congressman from Delaware and former Associate Justice of the Delaware Supreme Court, died on Feb. 6 at his home in Dover, Del. He was 86 years of age.

Judge Boyce was a member of the Supreme Court from 1897 to 1909 and again from 1909 to 1921 and was a Democratic member of Congress from 1923 to 1925.

### Changes in AAA Program

In order to aid and speed the agricultural war production effort, further changes have been made in the 1942 conservation program of the Agricultural Adjustment Administration in which some 6,000,000 American farmers will participate, the Department of Agriculture declared. The new amendments are intended to strengthen previous 1942 conservation program changes, which in general have opened the way to greater plantings of essential war crops, and at the same time have provided for maintenance of minimum soil-building requirements, according to the Department's announcement, which also had the following to say.

Included in the new changes is authority to furnish farmers soybean and castor bean seeds in limited areas of the South and Southwest, thus stimulating production of oil crops where production goals might otherwise be more difficult to reach. This amendment, together with another, providing that full payment will be made on peanut acreage allotments only if at least 80% of the allotment is planted, is expected to help relieve the shortage of fats and oils, imports of which have been greatly reduced since Pearl Harbor. In addition to peanuts grown on allotted acres for both edible or oil purposes, the 1942 Food For Freedom goals call for 3,400,000 acres of peanuts exclusively for crushing into oil, a total of 5,000,000 acres.

Other changes include: An 80% provision for potatoes similar to that for peanuts.

A provision removing any deduction for exceeding the rice allotment and substituting in its place a provision requiring that 10 times the payment rate be deducted for each acre by which the rice acreage planted is less than the acreage allotment. The maximum deduction under this provision is limited to the maximum rice payment for the farm;

Another adding rye for pasture to the list of crops which will qualify for meeting the minimum soil conserving acreage requirement;

Two provisions lending more flexibility to wheat and corn allotment regulations, thus assuring ample feed for the livestock production so vital to the war effort of America and her Allies. These provide (1) that if wheat acreage totally destroyed by causes beyond control of the grower is replaced, the original acreage will not be counted as planted to wheat and (2) that corn may be planted on any farm up to 130% of the corn allotment acreage without deduction in payments other than that on corn.

### Praises Boy Scouts

President Roosevelt, in his annual message to the Boy Scouts of America, praised the record of the organization during the last critical year and expressed full confidence that the Boy Scouts will effectively meet every request made of them.

The President's message, read by Vice-President Henry A. Wallace in a nation-wide Boy Scout Week broadcast over the National Broadcasting Company's Red Network, follows:

Fellow Scouts and Scouters: I have great pleasure in extending congratulations and good wishes on this, our 32nd anniversary. Only compelling circumstances, whose gravity all appreciate, prevent me from addressing you personally, as I have done on so many previous occasions.

The record of Scout service to our country during the last critical year fully justifies the confidence which I expressed in my message to you on Feb. 8 of last year. Much more will be

asked of the Boy Scouts as we go forward with our program to preserve our liberty and to bring peace on earth through complete victory over our enemies. I have full confidence that the Boy Scouts will effectively meet every request made of them. Each and every Scout has reason to feel proud of the part he has as a member of Uncle Sam's team to help us win the war.

As one who has been interested in Scouting over many years, it has been most heartening to have so many evidences of the practical values of Scout training as we organize our armed forces for the task ahead of us. We must remember that next to active military service itself, there is no higher opportunity for serving our country than helping youth to carry on in their efforts to make themselves physically strong, mentally awake and morally straight, and prepared to help their country to the full in time of war, as well as in time of peace.

Although we are at war and the immediate emergency situation dominates the life of the nation, the American people should continue to be on the alert to meet their responsibilities to our youth. We must make sure that those volunteer agencies which are supplementing the church, the home and the school by providing training programs that will help equip the present generation to cope with life problems in the difficult days ahead, are maintained to their maximum capacity and effectiveness.

### Repeal Of Financial Section Of Neutrality Act Asked

President Roosevelt asked Congress on Feb. 9 for repeal of section 7 of the Neutrality Act of 1939 which, he said, "prevents essential financial transactions between persons within the United States and our co-belligerents." In a message to the Congress, the President said that, in his opinion, "there was never any intention that this section should operate during our belligerency." He added:

I hope that the Congress will act promptly in this matter to legalize transactions essential in the effective prosecution of the war.

This section prohibits, whenever the President finds that a state of war exists between two foreign powers, the purchase, sale or exchange in this country of bonds, securities or obligations of belligerents and forbids United States citizens to make loans or extend any credit to any belligerent State, or its agency. Mr. Roosevelt proposed in his message that this section be amended to declare it "shall not be operative when the United States is at war."

### Lord Beaverbrook Heads British War Production

Lord Beaverbrook has been named Britain's Minister of War Production, a newly created Cabinet post corresponding to that of Donald M. Nelson, head of the United States War Production Board. Prime Minister Winston Churchill told the House of Commons that in the new post, to which Lord Beaverbrook is transferred from the Ministry of Supply, he would exercise general supervision over supply departments and shipbuilding and would concert and co-ordinate all their actions.

Mr. Churchill also said that Lord Beaverbrook will represent Britain in various pooling arrangements with the United States.

The post of Minister of Supply was given to Sir Andrew Rae Duncan.



## Says Government Has No Intent to Commandeer Savings; Urges Against "Fear" Withdrawals

Reference to withdrawal of funds from savings banks was made by Chester C. Davis, President of the Federal Reserve Bank of St. Louis, in an address in which he discussed "The Economic Outlook As It Affects the Illinois Farmers," delivered on the University of Illinois Farm and Home Week Program at Urbana, Ill. In directing attention to these withdrawals, and stating that there is no grounds for any fears that the Government plans to confiscate or commandeer these savings, Mr. Davis said:

Now, because it is timely, I ask your indulgence while I drag forth and take a look at one current development in the banking field even though it has nothing to do with the assigned subject.

The report has reached me, as I suppose it has come to others in the money and credit field, that some depositors, particularly those with savings accounts, are withdrawing their deposits in currency and hoarding it in safety deposit boxes or elsewhere. The movement is so senseless and unjustified that I cannot believe it to be really widespread and general. But I have heard enough about it to warrant my discussing it here and at every opportunity.

It is said that these withdrawals are caused by fear that the National Government is going to tax, or confiscate, or commandeer these savings accounts for investment in defense bonds. There are no grounds whatsoever for these fears. The Government not only has no intention of the sort and won't do it; any such step would directly contradict the policy which the Treasury is following, and must follow, in financing the war.

Bank deposits already finance nearly \$20,000,000,000 which the banks have invested in Government securities. There would be no gain to the Government if existing savings on deposit with banks, which the banks in turn have invested in Government securities or loans, were forced into direct investment in defense bonds bought by individual depositors. Banks would be forced to sell on the one hand what the individuals bought on the other.

I can understand why an individual depositor might prefer to invest directly a part of his savings in defense bonds, but I can't for the life of me see how he thinks he is protecting himself or his future by withdrawing currency and sitting on it like an old hen sitting on a doorknob. It must be a hang-over from the days when it was possible to hoard gold or gold certificates in anticipation of a rise in the value of gold in terms of currency, such as occurred during and after the Civil War. But no such reason can exist today. Defense bonds, like currency, are non-market-risk obligations of the Government. Defense bonds are redeemable, without loss to the holder. The main difference is that the bonds yield an interest return and currency does not.

What the Treasury really wants is to have more and more defense bonds purchased out of current savings from current earnings and income. That makes sense. The object isn't only to get finances for the war, it is also to reduce the percentage of current income spent in the market for goods at a time when the supply of goods for civilian consumption is being sharply reduced by the conversion of factories and materials to war production.

No, the Government is not going to move in on the past savings of its citizens. I don't think any of us can be sure that it may not take steps to compel future savings to be made and invested in defense bonds. But there is a vast difference between the two propo-

sitions which I hope I have cleared up a little.

In his remarks bearing on the Illinois farmer, Mr. Davis had the following to say in part:

The economic outlook for the Illinois farmer can be considered in three stages: (1) While actual military activities continue; (2) during the period of reconstruction, and (3) in the post-war world.

These are by no means three separate phases to be treated as distinct problems when they arrive. The actions and policies of today set the pattern for the future.

We are now operating as part of a Nation at war. For an indefinite period, probably for years, Illinois farmers will be called on to supply a war demand that is especially heavy for fats and oils, meats, dairy products and certain specialty crops. This means a strong market at good prices. We may expect this even though we hate the idea that it had to be the destructive course of war that enlarged domestic consumption and restored the flow of exports. But these temporary gains will melt away and leave heavy losses behind them unless their causes are clearly seen and comprehended. We must not think we can build a lasting super-structure on the shifting sands of war demand.

When the day comes on which guns fall silent over land and sea, we will be called on for an indefinite period to use our agricultural surpluses in the rehabilitation of a war-torn world. But let us not delude ourselves as to the nature of that demand either. I cannot see anything permanent in this export flow. One day it will come to an end. Even while it lasts, there is only one party who can pay for the goods we ship out to a starving world, and he lives on this side of the Atlantic.

The position of agriculture in the reconstruction and post-war periods depends partly on how we behave ourselves now, and partly on how successfully we, as a Nation, are able to make the transition back to normal peace-time activities from a condition in which our whole industry is concentrated in war and production for war. If, when that time comes we cannot find employment for our workers in peace-time industry, and thus provide purchasing power in the domestic market, the difficulties of agriculture as well as the rest of the country will be great.

We are in for a period of increasing farm income. Cash farm returns for 1941 are estimated at around \$11,600,000,000. For 1942 it is expected that farmers' incomes will approach \$14,000,000,000. As I mentioned earlier, the types of products which will be most stimulated by the war demand assure that Illinois farmers will share fully in the increase in farm income in prospect for 1942.

### State Bankers To Meet

The 49th annual convention of the New York State Bankers Association will be at the Hotel Astor, New York City, May 24, 25 and 26, it was announced by Eugene C. Donovan, President. This will be the Association's first convention in New York City in 40 years.

## Nation-wide Retail Sales Tax Favored

A nation-wide retail sales tax imposed at the point of final sale on all heavy as well as consumer products was recommended to Congress by the New York State Chamber of Commerce at its meeting on Feb. 5 as a means of raising approximately \$4,000,000,000 to help to currently defray the costs of the war. The sales tax proposal was part of a report drawn by the Committee on Taxation as a "Federal tax program for 1942" which had as its goal the raising of at least \$7,000,000,000 in new revenue for the 1943 budget. In addition to the money produced by the sales tax, the Chamber Committee recommended that an additional billion be raised from corporate and individual income taxes. It was suggested that the means of raising the other two billion should be left to the determination of Congress in the autumn session when it would have "had some months' experience with the productivity" of the proposed sales tax and increased income taxes.

The Chamber report, which was presented by William J. Schieffelin, Jr., Chairman of the Tax Committee, emphasized that it was essential that as much as possible of the costs of the war should be paid currently and that the people were "ready to pay after every non-essential expense has been eliminated." The report added:

We urge that Congress approve in full the more than \$1,300,000,000 economies recommended by the Byrd Committee, and continue efforts to make even further economies.

Opposition of the Chamber to mandatory joint returns for husband and wife and to any increase in excise taxes was reaffirmed in the report, which also opposed consideration of higher social security taxes in the new tax bill. Repeal of the "guess-work" capital stock tax and the related declared value excess profits tax on corporations was recommended to simplify the tax structure and "release dammed-up business" in order that the yield from the drastic new taxes proposed, as well as from existing taxes, would be materially increased. Mr. Schieffelin, in outlining the tax program, suggested that the proposed sales tax should be called a "Victory sales tax," rather than a "War sales tax." His committee favored no total exemption for anything in the Victory sales tax, he said.

### Liberty Bell In Vault

The City Council of Philadelphia has unanimously approved the action of Mayor Samuel in accepting from the Insurance Company of North America, the gift of an underground fire-proof and bomb-proof vault to protect the Liberty Bell from bombs, fire, explosion or any other hazard. The offer, it is announced, was presented originally to the Mayor by John A. Diemandi, President of the Insurance Company of North America, as a contribution to national defense in celebration of its 150th anniversary year, the North America having been founded in Independence Hall in 1792.

Charles J. Pommer, President of City Council, and Frederic D. Garman, extolled the company for its patriotism, after Benjamin Rush, Jr., Vice-President of the Indemnity Insurance Co. of North America, explained plans for the proposed shelter. These plans call for placing the Liberty Bell on a platform to be built directly under the present site of the Bell, which can be lowered quickly into the underground vault in the event of any emergency.

### Commission Assays Coins

Members of the 1942 Annual Assay Commission met at the Philadelphia Mint on Feb. 11 for the traditional ceremony of testing the fineness and weight of samples taken from the record 1941 coinage. The Commission was convened by Mrs. Nellie Tayloe Ross, Director of the Mint. The Director reported to Secretary of the Treasury Morgenthau that 209,682 coins were selected at random under elaborate safeguards to insure fairness. The law requires that of each 2,000 silver coins minted, one be preserved under rigid safeguards for testing by the Commission. With nearly 2,000,000,000 coins produced by the United States Mint in 1941, the "take" for inspection with the greatest ever, said the Treasury Department announcement.

The Commission is one of the oldest institutions in the Government, having been created in 1792, and having met each year since that time.

The Commission, consisting of 11 members appointed by President Roosevelt this year (and which includes three ex-officio members designated by statute) is made up as follows:

Members named by President: Clarence Powers, President of the Puritan Bank & Trust Co., Meriden, Conn.

Felix Boylan, Vice-President, Modern Industrial Bank, New York City.

Allan B. Endicott, member of the Board of Taxes, Atlantic City, N. J.

Mrs. Wayne Coy, Washington. Mrs. Kate M. Ladd, Far Hills, N. J.

William C. Dickerman, American Locomotive Co., New York City.

S. Forrey Laucks, York Safe and Lock Co., York, Pa.

Ralph W. Smith, Chief of the Division of Weights and Measures, Bureau of Standards, Washington.

Vernon L. Brown, Curator of the Chase National Bank Collection of Moneys of the World, Brooklyn, N. Y.

Joseph Moss, attorney, of Philadelphia.

Maurice C. Alperin, President of the Eastern Smelting and Refining Corp., Boston.

The ex-officio members are: Judge William H. Kirkpatrick, of the United States District Court, Philadelphia.

Preston Delano, Comptroller of the Currency.

Joseph Buford, assayer, United States Assay Office, New York.

### New Alloy Steels To Speed War Output

Four completely new series of alloy steels designed to make the Nation's limited reserves of strategic metals go further and help build more guns, tanks, battleships and airplanes were announced by the American Iron and Steel Institute.

In making the new steels, producers will use less virgin chromium and nickel, and more of these alloys in the form of scrap recovered from steel previously produced, the Institute said.

Details of new steels are announced in a booklet entitled, "Possible Alternates for Nickel, Chromium and Chromium-Nickel Construction Alloy Steels." The booklet was prepared at the request of the Office of Production Management, which has been succeeded by the War Production Board.

The use of alternate steels, the booklet states, may make necessary some changes in established methods of fabrication or heat treatment procedures, or both, or may even make necessary some changes in engineering design of the product affected.

### Solid Fuels Committee

Secretary of the Interior Ickes, in his capacity as Solid Fuels Coordinator, has appointed an Industry Committee on Solid Fuels "to advise on the coordination of the nation's fuel supply and to meet war-time needs." Those appointed represent the coal industry, transportation and mine labor. Mr. Ickes added that others representing the public interest will be named later. The committee was formed, Mr. Ickes said, in compliance with President Roosevelt's request that steps be taken to assure an adequate supply of solid fuels where and when needed. Those appointed are as follows:

Bituminous Coal Producers—George W. Reed, Vice-President, Peabody Coal Co., Chicago; Charles O'Neil, Barnes & Tucker Co., New York City; H. T. Debardeleben, President, Debardeleben Coal Co., Birmingham, Ala.; and O. L. Alexander, President, Pocahontas Fuel Co., New York City.

Anthracite Producers—Charles Huber, Chairman of the Board, Glen Alden Coal Co., New York City; James H. Pierce, President, East Bear Ridge Co., Scranton, Pa.

Coke—D. M. Rugg, Vice-President, The Koppers Co., Brooklyn.

Wholesale Distributors—H. C. Rogers, Sales Manager, Hickman & Williams Co., Cincinnati.

Retail Distributors—James L. Newbold, Malcolmson Coal Co., Detroit.

Tidewater Dock Operators—R. L. Bowditch, President, C. H. Sprague & Son Co., Boston.

Great Lakes Dock Operators—John A. Maher, Manager, Mayer Coal Bureau, St. Paul, Minn.

Railroad Transportation—J. J. Pelley, President, Association of American Railroads, Washington, and W. C. Kendall, Chairman, Car Service, Association of American Railroads.

Transportation Other Than Railroad—Lachlan Macleay, President, Mississippi Valley Association, St. Louis, Mo.

Mine Labor—Percy Tetlow, Technical Adviser, United Mine Workers of America, Washington, and Thomas H. Kennedy, Secretary-Treasurer, United Mine Workers of America, Washington.

### 1941 Exchange Sales Down

The Securities and Exchange Commission announced that the market value of total sales on all registered securities exchanges for the year 1941 amounted to \$7,603,044,033, a decrease of 21.8% from the market value of total sales for the year 1940. Stock sales, excluding right and warrant sales, had a market value of \$6,233,606,530, a decrease of 25.8% from 1940. Bond sales were valued at \$1,363,308,399, an increase of 3.8% over 1940. The market value of right and warrant sales for 1941 totaled \$6,129,104, involving 6,898,823 units. The Commission's announcement further said:

The volume of stock sales, excluding right and warrant sales, for 1941 was 303,134,844 shares, a decrease of 18.5% from 1940. Total principal amount of bond sales for 1941 was \$2,530,066,482, an increase of 21.6% over 1940.

The two leading New York exchanges accounted for 93.2% of the market value of total sales; 91.7% of the market value of stock sales and 99.8% of the value of bond sales on all registered securities exchanges.

The market value of total sales on all exempted securities exchanges for the year 1941 amounted to \$8,301,280, an increase of 7.1% over 1940.



## Unemployment Halved In 1941, Says Board

Unemployment last year dropped to the lowest level since 1930, according to estimates released by the Division of Industrial Economics of The Conference Board on Feb. 14. The average number of unemployed is estimated at slightly less than 3,500,000, or fully 50% below the comparable 1940 total of 7,800,000. During the past year, 937 of every thousand gainful workers in the labor force were employed, in contrast to only 766 per thousand in 1933, 834 in 1939, and 857 in 1940, said the Board, which also had the following to say:

Most 5,000,000 more persons found jobs during 1941 than in 1940. About 3,700,000 of these were added to civilian industries, while an additional 1,100,000 were brought into the armed forces. The greatest gain came in manufacturing, in which employment averaged 13,200,000 last year as compared with 10,500,000 in 1939, and 11,300,000 in 1940. Employment in construction also rose sharply from 1,900,000 in 1940 to 2,600,000 in 1941, a gain of almost 37%. The sharpest percentage increase, however, took place in the armed forces, with approximately three times as many men under arms as in 1940.

Agriculture was the only major industry in which the level of employment remained lower than in earlier years. The average number engaged in agriculture has moved steadily downward from its 1935 level of 11,253,000. The Board's estimate of 10,271,000 engaged in agriculture last year is the lowest level of farm employment since the World War.

### Trends In December

Slight decreases were reported in the number engaged in manufacturing, construction and transportation in December, 1941. These were fully offset by a normal rise in employment in trade and distribution to meet increased December holiday volume. Excluding agriculture and the armed forces, the number reported in total industrial employment is estimated at 40,793,000, as compared with 40,732,000 in November and 40,890,000 in September. Agricultural employment fell to a new low of 8,700,000. At the peak of operations in June, almost 11,

800,000 family and hired workers were employed on the farms.

As a result of the continued contraction in agriculture total unemployment increased for the third consecutive month despite the high level of industrial employment and the continued expansion of the military forces. The total number without jobs in December is estimated by The Conference Board at 3,200,000, as compared with 2,800,000 in November and 1,700,000 in October. The December total was the largest since April, 1941. In December, 1940, unemployment amounted to 7,300,000, and in December, 1939, it was 9,600,000.

All the major industrial groups reported lower employment in December than in November with the exception of the trade and service industries. Employment in manufacturing is estimated at 13,831,000, as against 13,591,000 in October and 13,890,000 in November. In the five basic industries (minerals, manufacturing, construction, transportation and public utilities) the number at work was almost 500,000 lower than in October and about 350,000 below November.

### Government Emergency Employment

The number reported engaged in WPA, CCC and NYA (Out-of-School) activities has been cut by more than a third during the past three years. This emergency labor force averaged 1,900,000 in 1941 whereas it had previously reached almost 3,000,000 in 1939 and 2,500,000 in 1940. The December total of 1,463,000 was the lowest of any month in 1941.

The Board's estimates of average annual employment and unemployment for 1939-41 and monthly estimates for the last quarter of 1941 are shown in the attached table:

	Average			December		1941		
	1939	1940	1941†	1939	1940	October	November	December
Total unemployment...	8,916	7,787	3,442	9,551	7,263	1,672	2,796	3,228
Total employment (including armed forces)	44,872	46,546	51,342	44,499	47,282	53,240	52,152	51,758
Agriculture	10,618	10,443	10,271	8,641	8,614	10,420	9,349	8,665
Forestry and fishing	198	208	215	198	201	223	209	203
Total industry	15,639	16,854	19,711	16,515	18,271	20,918	20,798	20,457
Extraction of minerals	707	756	758	773	764	810	806	804
Manufacturing	10,517	11,288	13,198	11,280	12,122	13,951	13,890	13,831
Construction	1,610	1,907	2,606	1,579	2,441	2,810	2,791	2,545
Transportation	1,871	1,948	2,134	1,942	1,976	2,300	2,269	2,238
Public utilities	934	956	1,015	940	968	1,047	1,042	1,039
Trade, distribution and finance	7,511	7,631	7,843	8,082	8,197	7,980	8,047	8,403
Service industries (including armed forces)	9,978	10,432	12,188	10,092	10,951	12,539	12,589	12,861
Miscellaneous industries	928	978	1,113	972	1,048	1,161	1,161	1,169
Emergency employment††								
WPA, CCC, and NYA (out-of-school)	2,959	2,498	1,926	2,730	2,447	1,472	1,503	1,463

\*Revised series. For comparable employment figures see "The Conference Board Economic Record," Oct. 11, 1941, pp. 399-402; for unemployment, "The Conference Board Economic Record," Dec. 24, 1941, pp. 557-560. †Not included in employment total. ††Preliminary.

## Steel Mills Annual Capacity At Record High In 1941—Further Expansion Under Way

The steel industry of the United States increased its annual producing capacity in 1941 by 4,418,000 net tons to a new record total of 88,570,000 tons, according to the American Iron and Steel Institute. At the beginning of 1941 the Nation's steel capacity was rated at 84,152,000 tons. The Institute also reports as follows:

Since the beginning of 1940, installations of new equipment have raised steel capacity by 6,950,000 tons. The increase in the last six months of 1941 was 2,421,000 tons. Further expansion in capacity is under way.

Pig iron and coke capacity of the steel industry was also enlarged to new record totals last year.

Blast furnaces producing pig iron had a total capacity of 60,394,000 net tons at the beginning of this year. This repre-

sented a gain of 2,784,000 tons last year.

The gain in pig iron capacity last year reflected the addition of five new blast furnaces, and the return to service of five long idle furnaces which have been rebuilt. Several million tons are being added to pig iron capacity this year.

Coke capacity was increased to 54,532,000 tons as of Jan. 1, 1942. This was a gain of 1,564,000 tons over the capacity of

52,968,000 tons on June 30, 1941, when this figure was issued for the first time.

Last year's increase in steel capacity brought the total over 21% above the 1929 capacity of 72,985,000 tons.

The gain for last year was accounted for by large increases in open hearth and electric furnace capacity for making steel.

Additional open hearth capacity totaled 3,542,000 tons, bringing the total of such capacity to 78,107,000 at the beginning of 1942.

Electric furnace capacity was increased by 1,151,000 tons last year to a new peak of 3,738,000 tons. This represented a gain of nearly 45% last year in the capacity of electric furnaces, which are used chiefly in the production of high quality alloy steels. Such capacity has been increased nearly 99% from the total of 1,883,000 tons at the beginning of 1940.

Bessemer steel capacity declined slightly last year from 6,997,000 tons to 6,721,000 tons at the end of the year.

## FDR Asks More Lend-Lease

President Roosevelt asked Congress on Feb. 10 to appropriate \$5,430,000,000 to meet the lend-lease aid requirements of those countries fighting the Axis, which are not otherwise provided for, such as agricultural and industrial commodities, storage facilities, services, etc. A breakdown of the purposes for which this fund is asked is as follows:

Agricultural, industrial and other commodities, \$3,567,115,000.

Vessels and ships, \$734,420,000.

Necessary services and expenses, \$680,000,000.

Testing and reconditioning of defense articles, \$208,000,000.

Trucks and other vehicles, \$129,015,000.

Facilities and equipment, \$111,450,000.

According to a letter of Harold D. Smith, Director of the Budget, recommending the appropriation, "the estimate is the first submitted by the lend-lease administrator since the declaration of war and reflects the recent change in the method of providing funds for defense aid. It has been prepared after consultation with representatives of the governments of countries entitled to defense and clearance has been obtained from the War Production Board."

Direct cash appropriations for the lend-lease program total \$12,985,000,000, but to this figure should be added various sums set aside indirectly in deficiency supply bills for the Army, Navy and air forces. It is estimated that these latter authorizations to the Allied nations might run as high as \$10,000,000,000, bringing total aid to around \$30,000,000,000.

## SEC Amends Rule

The Securities and Exchange Commission announced the adoption of an amendment to Rule 12-16 of Regulation S-X so as to make it clear that Note 5 to the schedule therein prescribed requires information relative to rents and royalties only if the aggregate amount thereof is significant. The Commission also states that Rule 5-04 of Regulation S-X was also amended to make it clear that it is necessary to file Schedule XVII—Income from Dividends—in support of each profit and loss statement filed. Since the schedule also calls for information as to the amount of the equity of the company in the net profit and loss of its affiliates, the schedules required to be filed even though no dividends from such investments are reported in the profit and loss statement for the period of report. A similar amendment was made to Rule 6-04 of Regulation S-X.

## Blocked Account Paying Of Am. Shares Restricted

The Treasury Department has issued Public Circular No. 14 which prohibits the purchase, without special license, for any blocked account of more than 1% of the outstanding shares of any one class of any corporation. The purpose of this restriction, said the announcement, is to make doubly sure that the Treasury Department may deal specifically with any attempt on the part of blocked nationals to utilize Treasury Department licenses for the purpose of acquiring a substantial interest in American corporations. The Treasury's announcement added:

Public Circular No. 14 also simplifies and makes uniform the various outstanding reporting requirements relating to the purchase and sale of securities pursuant to licenses issued under the freezing order. The circular prescribes a new form (TRF-4) which must be filed in any case where securities are purchased or sold under a Treasury Department license involving amounts exceeding the limitations contained in Public Circular No. 14. Thus, if securities are purchased or sold under the authorization of one of the general licenses which permit transactions on behalf of the neutral countries of Europe and their nationals, a report on TRF-4 is required to be filed. The use of the new form will facilitate enforcement of the 1% limitation mentioned above.

Provision is made in the public circular for a 15-day period during which brokerage houses and banks may adjust their records so that they may comply with the new requirements.

## Restrict Natural Gas Use

In order to assure adequate supplies of natural gas for war production, the War Production Board on Feb. 15, ordered curtailment, effective March 1, in consumption of natural gas and mixed natural and manufactured gas in 17 States and the District of Columbia. The order does not apply to companies distributing only artificial or manufactured gas.

At the same time, the WPB directed the gas companies throughout the country to take steps necessary to obtain maximum supply if and when a shortage exists or becomes imminent in the area they are serving.

The gas curtailment order in the 17 States does not apply to present uses of existing customers. The restrictions apply solely to gas heating equipment and do not affect cooking stoves or refrigerators.

In the 17 States affected, gas companies are prohibited from delivering gas for heating new homes, stores, factories, or other buildings unless the heating equipment has been installed prior to March 1 or the equipment was specified in the construction contract and the building foundation was completed before that date. In addition the companies may not deliver gas for the operation of heating equipment which has been converted to gas from some other fuel unless such conversion is completed within 10 days from the issuance of the order.

Sections subject to the order are Alabama, except for the area served by the United Gas Pipe Line Co.; Arkansas, in the area served by the Mississippi River Fuel Co.; California, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maryland, Michigan, Mississippi, except the area served by the United Gas Pipe Line Co.; Missouri, New York, Ohio, Pennsylvania, Tennessee, Virginia, and West Virginia.

## SEC Changes ICC Forms.

The SEC has announced the adoption of minor amendments to Forms 12-K and 12A-K. Companies which report to the Interstate Commerce Commission on Form A are permitted, in connection with reports to the SEC on Forms 12-K and 12A-K, to file certain selected schedules in lieu of a complete Form A. The purpose of the amendments is to revise the selected schedules so as to conform to certain changes made in Form A of the Interstate Commerce Commission for the year ended Dec. 31, 1941. Further explanation of the changes were given by the Commission as follows:

For several years the Commission prepared an "Extract from Annual Report Form A," containing only the selected schedules required to be furnished with annual reports on Forms 12-K and 12A-K. However, this practice has been discontinued and no "Extract from Annual Report Form A" is available for reports covering the fiscal year ended Dec. 31, 1941.

The Commission will furnish copies of Form A to any registrant which notifies the Commission of the exact number of copies required and the names of the companies for which they will be needed. Printed copies of the various other forms of the ICC and the Federal Communications Commission are available and will be furnished by the SEC to any registrant which desires to use them and which notifies the Commission of the exact number of copies which it will require and the names of the companies for which the copies will be needed.

## Cost Of Food For Britain

Agricultural commodities delivered to the British Government for lend-lease shipment totaled more than 3,311,000,000 pounds up to Jan. 1, 1942, the Department of Agriculture announced. Total cost of these commodities, delivered at shipping points since the operations started in April, 1941, was over \$367,000,000. The Department added that over 660,000,000 pounds of food and other farm products were delivered for shipment during December, costing more than \$67,000,000. It further stated:

Animal protein products have led the list in terms of dollar value since Great Britain turned to the United States as the main source of supplies formerly obtained from the Low Countries. Cumulative value of all dairy products and eggs totaled about \$114,000,000; meat, fish and fowl, over \$90,000,000; fruits, vegetables and nuts, more than \$39,000,000; lard, fats and oils, over \$26,000,000; grain and cereal products, about \$18,000,000; and miscellaneous foodstuffs, including numerous concentrates and vitamins, accounted for over \$2,200,000. Non-foodstuffs, such as cotton, tobacco, vegetable seeds and naval stores, totaled about \$77,000,000.

The commodities delivered for lend-lease shipment to the British from the beginning of the program in April to Jan. 1, many of them in highly concentrated form, would fill more than 69,100 freight cars and make up a train stretching for a distance of more than 575 miles.

Delivery of more than 140,000,000 pounds of evaporated and dry skim milk during the month of December was greater than in any previous month. Movement of meats, cheese, beans and dried and canned fruits also showed marked increases.



### Production And Utilization Of Electric Energy In The United States For Nov. And Dec., 1941

The production of electric energy for public use during the month of December, 1941, totaled 15,353,703,000 kilowatt-hours according to reports filed with the Federal Power Commission. This represents an increase of 16.5% when compared with December, 1940.

The average daily production of electric energy for public use for the fifth consecutive month reached an all-time high which for December was 533,115,000 kilowatt-hours. This is an increase of 2.3% when compared with the average daily production during the month of November, 1941, and is the fifth consecutive time that the average daily production has exceeded the half billion kilowatt-hour mark.

The effect of somewhat more normal stream-flows during the month is reflected in the table below comparing production by hydroelectric plants during December with production for November.

Table: HYDROELECTRIC PRODUCTION—DECEMBER, 1941, COMPARED WITH NOVEMBER, 1941. Columns: Region, % Change Nov. 1941, % Change Dec. 1941, Region, % Change Nov. 1941.

The production by water power in December amounted to 4,477,827,000 kilowatt-hours, or 29.2% of the total output for public use.

Total production for public use for the twelve-month period ending Dec. 31, 1941, was 164,946,000,000 kilowatt-hours as compared with a production of 142,266,000,000 kilowatt-hours for the twelve-month period ending Dec. 31, 1940, representing an increase of 15.9% over the previous period.

The movement of electric energy across state lines totaled 3,032,486,000 kilowatt-hours or 19.8% of the amount generated for public use.

The net imports from Canada totaled 87,303,000 kilowatt-hours and the net exports to Mexico were 1,961,000 kilowatt-hours, leaving a net balance of 85,342,000 kilowatt-hours imported to the United States.

Reports were received during January, 1942, indicating that the capacity of generating plants in service in the United States on Dec. 31, 1941 totaled 44,024,219 kilowatts. This is a net increase of 236,182 kilowatts over that previously reported in service on Nov. 30, 1941. Occasionally changes are made in plants which are not reported promptly so that the figures shown for any one month do not necessarily mean that all the changes were made during that month but that they were reported to the Commission since the previous monthly report was issued.

Table: PRODUCTION OF ELECTRIC ENERGY FOR PUBLIC USE IN THE UNITED STATES (In Thousands of Kilowatt-hours). Columns: Division, 1941 (Nov, Dec), 1940 (Nov, Dec), Total (Nov, Dec).

Production of electric energy by electric railways, electrified steam railroads, and publicly owned non-central stations, not included above was as follows:

Table: (In Thousands of Kilowatt-hours) By Water Power, By Fuels, Total. Columns: Division, 1941 (Nov, Dec), 1940 (Nov, Dec), Total (Nov, Dec).

Table: AVERAGE DAILY PRODUCTION OF ELECTRIC ENERGY\* (In Thousands of Kilowatt-hours). Columns: Month, 1941, 1940, Fuel, 1941, 1940, Total, 1941/1940.

\*Computed by dividing the monthly production by the number of equivalent week days in the month in question.

#### Coal Stock And Consumption

Coal consumption by electric power plants was 6,156,018 tons in December, 1941, which is an increase of 388,310 tons from the November, 1941, consumption, and an increase of 1,222,010 tons or 24.8% over the consumption for December, 1940.

The consumption of fuel oil during December, 1941, totaled 1,937,905 barrels as compared with 1,731,316 barrels during November or an increase of 11.9%. During the same interval the consumption of gas increased to 17,109,075 MCF in December from 16,634,442 MCF in November, representing an increase of 2.9%.

The total stock of coal on hand at electric utility power plants on Jan. 1, 1942 was 14,078,010 tons. This was an increase of 2.3% as compared with Dec. 1, 1941, and an increase of 12.2% as compared with Jan. 1, 1941.

In terms of days' supply, which is based on the rate of consumption for the month in question, there were sufficient stocks of bituminous coal on hand Jan. 1, 1942, to last 67 days and sufficient anthracite for 162 days' requirements. These may be compared with 67 and 170 days' supply respectively for the previous month.

### Market Value Of Stocks On New York Stock Exchange Higher In January

As of the close of business Jan. 31, 1942, there were 1,237 stock issues aggregating 1,466,994,284 shares listed on the New York Stock Exchange, with a total market value of \$36,228,397,999, the Stock Exchange announced on Feb. 5. This compares with 1,232 stock issues, aggregating 1,463,295,021 shares listed on the Exchange on Dec. 31, 1941 with a total market value of \$35,785,946,533 and with 1,228 stock issues, aggregating 1,455,212,004 shares listed on the Exchange on Jan. 31, 1941 with a total market value of \$40,279,504,457.

The Stock Exchange's announcement added: As of the close of business Jan. 31, 1942, New York Stock Exchange member total net borrowings amounted to \$324,558,799. The ratio of these member borrowings to the market value of all listed stocks on that date was, therefore, 0.90%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value.

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

Table: Market Value and Average Price of Stocks. Columns: Group, Jan. 31, 1942 (Market Value, Average Price), Dec. 31, 1941 (Market Value, Average Price).

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

Table: Two-year compilation of total market value and average price of stocks. Columns: 1939 (Dec 30, 1940), 1941 (Jan 31, Feb 28, Mar 31, Apr 30, May 31, Jun 30, Jul 31, Aug 31, Sept 30, Oct 31, Nov 30, Dec 31).

### Engineering Construction Down 35% In Week

Engineering construction for the week (Feb. 12), \$104,893,000, tops the \$100,000,000-mark for the fourth consecutive week. This volume, however, is 35% below the total for a week ago as released on Feb. 12 by "Engineering News-Record."

Public construction for the week is 30% lower than in the preceding week, and private is down 63%. State and municipal work tops a week ago by 24%, but Federal construction is 34% lower, and is responsible for the public decline.

The current week's volume brings 1942 construction to \$894,763,000, an increase of 15 1/2% over the total for the opening seven-week period last year. Private work, \$80,711,000, is 67% below the period a year ago, but public construction, \$814,052,000, is 53% higher as a result of the 98% gain in Federal volume.

Construction totals for the 1941 week, last week, and the current week are:

Table: Construction totals for 1941 week, last week, and the current week. Columns: Total Construction, Private Construction, Public Construction, State and Municipal, Federal.

In the classified construction groups, gains over last week are in waterworks, sewerage, bridges, earthwork and drainage, and streets and roads. Increases over the totals for the short 1941 week are reported in waterworks, bridges, earthwork and drainage, and unclassified construction. Subtotals for the week in each class of work are: waterworks, \$1,628,000; sewerage, \$1,536,000; bridges, \$1,846,000; industrial buildings, \$4,508,000; commercial building and large-scale private housing, \$2,960,000; public buildings, \$44,279,000; earthwork and drainage, \$31,200,000; streets and roads, \$4,197,000; and unclassified construction, \$12,739,000.

New capital for construction purposes for the week totals \$542,291,000, an increase of 5% over the volume reported for the corresponding week last year. The current week's financing volume is made up of \$7,461,000 in State and municipal bond sales, \$3,325,000 in corporate security issues, \$2,500,000 in RFC loans for industrial expansion, and \$528,705,000 in Federal construction funds from the Naval Appropriation Act.

New construction financing for the year to date, \$1,104,629,000, is 79% above the total for the seven-week period last year.

### Nov. Gas Co. Statistics

The American Gas Association in February, 1942, reported that revenues of manufactured and natural gas utilities amounted to \$80,158,900 in November, 1941, as compared with \$74,206,600 for the corresponding month of 1940, an increase of 8.0%. Revenues from industrial and commercial users rose from \$25,524,500 a year ago to \$29,337,100 in November, 1941, a gain of 14.9%. Revenues from domestic uses such as cooking, water heating and refrigeration, etc., rose from \$48,682,100 in 1940 to \$50,821,800 in 1941, an increase of 4.4%.

The manufactured gas industry reported revenues of \$33,606,400 for the month, an increase of 3.1% from the same month of the preceding year. Revenues for industrial purposes increased 16.0% while commercial revenues increased 4.0%. Revenues from domestic uses were 1.4% more than for the corresponding month of 1940, while revenues for house heating purposes gained 2.5%.

The natural gas utilities reported revenues of \$46,552,500 for the month, or 11.9% more than for November, 1940. Revenues from sales of natural gas for industrial purposes gained 18.0%, while the increase in revenue from sales for domestic purposes was 7.5%.

### WPB Controls Raw Silk

The War Production Board on Feb. 10 took complete control of the entire raw silk supply in this country. In a third amendment to Silk Order M-22, WPB ordered that:

- 1. No sale of raw silk may hereafter be made except to and by the Defense Supplies Corporation.
2. Until Feb. 23 silk previously purchased may still be delivered to parachute manufacturers, if available. After Feb. 22 all deliveries must be made to the Defense Supplies Corporation, which in turn will make available whatever quantity of raw silk is required by a parachute manufacturing plant to complete an order.
3. After March 1, no silk may be used in the manufacture of parachutes until the grade and type has been approved by the Defense Supplies Corporation. This is to make sure that certain top grade silks are conserved for the canopies of parachutes and are not used in the shroud lines or in the cores of shroud lines.

This order was followed by telegrams to all silk processors, directing them to sell their entire holdings of raw silk to the Defense Supplies Corp. at ceiling prices or otherwise their inventories would be requisitioned.

### Curb Short Position

Total short position of stocks dealt in on the New York Curb Exchange for the month of January, reported as of Jan. 31, amounted to 16,045 shares as compared with 9,275 shares in December, 1941, the Exchange announced.

Eight issues showed a short position of more than 400 shares. They were:

Table: Short position of stocks. Columns: Issue Name, Jan., '42, Dec., '41.



## Labor Bureau's Wholesale Price Index Declined 0.2% During Week Ended Feb. 7

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Feb. 12 that there was a general but moderate reaction in commodity markets during the first week of February led by a drop in agricultural commodity prices. The Bureau of Labor Statistics' index of nearly 900 price series fell 0.2% from the high point of the preceding week to 95.7% of the 1926 average. At this level the all-commodity index is 0.7% above the corresponding week of January and nearly 19% higher than last year at this time.

The Bureau's announcement further stated:

In addition to a decline of 1.2% in farm product prices, fuel and lighting materials dropped 0.5%; foods, building materials and miscellaneous commodities, 0.2%; and textile products and chemicals and allied products, 0.1%. An increase of 0.1% was recorded in the hides and leather products group index.

Sharp declines in prices for cotton, wheat, barley and oats, for eggs, for citrus fruits and sweet potatoes, and for cows and lambs largely accounted for the decline in the farm products group index. Quotations were higher for corn and rye, and for apples and white potatoes. However, livestock and poultry prices were 1.9% above the preceding week, as higher prices were reported for steers, hogs, and live poultry. In the past 4 weeks average prices for farm products in primary markets have risen 1.3% and are more than 4% above a year ago. Cattle feed prices declined 3.6% during the week.

Lower prices were reported for butter, cheese, for fresh beef, veal, lamb and dressed poultry, and for flour, oatmeal, cocoa beans and pepper during the week. Quotations were higher for rice, corn meal, bananas, canned salmon, oleo oil, glucose, peanut butter and jelly. The average prices of foods in central markets is 28% above the early February, 1941, level.

Following the break in the cotton market, prices of most cotton textiles declined because of the sliding scale ceiling of the Office of Price Administration. Higher prices were also reported for men's suits, for underwear and for cotton rope and thread. Manufacturers' prices for blankets recorded further increases.

Lower prices for Connellsville coke, because of a new price ceiling, together with slight reductions in prices for coal in some areas and for gasoline, caused the fuel and lighting materials group index to decline 0.5%.

Continued advances were reported in prices for plumbing equipment and for yellow pine boards, flooring and timbers, and for Ponderosa pine boards and for paint materials, including linseed oil, rosin and turpentine. Prices were lower for maple and oak flooring and for yellow pine dimension, drop siding and finish. Quicksilver declined 3.4% as a ceiling was set by the Office of Price Administration at prices below the prevailing market level.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Jan. 10, 1942 and for Feb. 8, 1941 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Jan. 31 to Feb. 7, 1942.

Commodity Groups—	(1926 = 100)			Percentage changes to Feb. 7, 1942 from—				
	2-7	1-31	1-24	1-10	2-8	1-10	2-8	
All Commodities	100.1	101.3	100.3	98.8	70.7	-1.2	+1.3	+41.6
Farm products	93.7	93.9	93.6	92.5	73.2	-0.1	+1.3	+28.0
Foods	115.8	115.7	115.7	115.7	102.2	+0.1	+0.1	+13.3
Hides and leather products	93.5	93.6	92.7	92.4	75.4	-0.1	+1.2	+24.0
Textile products	78.4	78.8	78.9	78.9	72.9	-0.5	-0.6	+7.5
Fuel and lighting materials	103.6	103.6	103.6	103.5	97.8	0	+0.1	+5.9
Metals and metal products	109.4	109.6	109.5	108.9	99.4	-0.2	+0.5	+10.1
Building materials	96.6	96.7	96.5	95.3	78.6	-0.1	+1.4	+22.9
Chemicals and allied products	102.9	102.9	102.7	102.4	90.5	0	+0.5	+13.7
Housefurnishing goods	88.2	88.4	88.1	87.7	76.8	-0.2	+0.6	+14.8
Miscellaneous commodities	95.9	96.4	95.5	94.5	73.8	-0.5	+1.5	+30.0
Raw materials	91.9	92.0	91.8	91.3	81.2	-0.1	+0.7	+13.2
Semimanufactured articles	96.3	96.4	96.3	96.0	83.8	-0.1	+0.3	+14.9
Manufactured products	94.7	94.7	94.5	94.1	82.6	0	+0.6	+14.6
All commodities other than farm products	94.5	94.7	94.5	94.3	84.6	-0.2	+0.2	+11.7
All commodities other than farm products and foods								

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JAN. 31, 1942 TO FEB. 7, 1942			
Increases			
Fruits and vegetables	2.6	Fertilizer materials	0.3
Livestock and poultry	1.9	Meats	0.3
Hides and skins	0.6	Paper and pulp	0.3
Hosiery and underwear	0.6	Paint and paint materials	0.2
Other textile products	0.5	Plumbing and heating	0.2
Clothing	0.4	Leather	0.1
Chemicals			0.1
Decreases			
Cattle feed	3.6	Oils and fats	0.6
Other farm products	3.2	Dairy products	0.2
Other foods	1.7	Bituminous coal	0.1
Grains	1.3	Cereal products	0.1
Petroleum products	1.2	Coke	0.1
Cotton goods	1.1	Nonferrous metals	0.1
Lumber	0.8	Other miscellaneous	0.1

## Trading On New York Exchanges

The Securities and Exchange Commission made public on Feb. 13 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. 31, 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. 31 (in round-lot transactions) totaled 808,765 shares, which amount was 14.63% of total transactions on the Exchange of 2,762,890 shares. This compares with member trading during the previous week ended Jan. 24 of 876,220 shares, or 15.70% of total trading of 2,789,170 shares. On the New York Curb Exchange, member trading during the week ended Jan. 31 amounted to 148,205 shares, or 16.55% of the total volume on that Exchange of 447,675 shares; during the preceding week trading for the account of Curb members of 157,970 shares was 16.39% of total trading of 481,775 shares.

The Commission made available the following data for the week ended Jan. 31:

Total Number of Reports Received...	N. Y. Stock Exchange		N. Y. Curb Exchange	
	1,044	750		
1. Reports showing transactions as specialists	185	93		
2. Reports showing other transactions initiated on the floor	186	23		
3. Reports showing other transactions initiated off the floor	175	71		
4. Reports showing no transactions	598	568		

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. 31, 1942		
	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	104,820	
Other sales b	2,658,070	
Total sales	2,762,890	
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	194,760	
Short sales	50,820	
Other sales b	175,260	
Total sales	226,080	7.21
2. Other transactions initiated on the floor		
Total purchases	107,810	
Short sales	17,910	
Other sales b	105,510	
Total sales	123,420	4.18
3. Other transactions initiated off the floor		
Total purchases	68,125	
Short sales	7,300	
Other sales b	81,270	
Total sales	88,570	2.84
4. Total		
Total purchases	370,695	
Short sales	76,030	
Other sales b	362,040	
Total sales	438,070	14.63

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	9,295	
Other sales b	438,380	
Total sales	447,675	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	43,710	
Short sales	5,275	
Other sales b	53,720	
Total sales	58,995	11.47
2. Other transactions initiated on the floor		
Total purchases	4,625	
Short sales	200	
Other sales b	8,585	
Total sales	8,785	1.50
3. Other transactions initiated off the floor		
Total purchases	11,485	
Short sales	500	
Other sales b	20,105	
Total sales	20,605	3.58
4. Total		
Total purchases	59,820	
Short sales	5,975	
Other sales b	82,410	
Total sales	88,385	16.55
5. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	0	
Customers' other sales c	26,121	
Total purchases	26,121	
Total sales	16,316	

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

## NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Feb. 13 a summary for the week ended Feb. 7, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE	
Week Ended Feb. 7, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	11,968
Number of shares	306,892
Dollar value	11,720,749
Odd-lot Purchases by Dealers: (Customers' Sales)	
Number of Orders:	
Customers' short sales	221
Customers' other sales a	10,988
Customers' total sales	11,209
Number of Shares:	
Customers' short sales	6,218
Customers' other sales a	266,319
Customers' total sales	272,537
Dollar value	8,869,345
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	90
Other sales b	60,910
Total sales	61,000
Round-lot Purchases by Dealers—	
Number of shares	103,440

## Lumber Movement—Week Ended Feb. 7, 1942

Lumber production during the week ended Feb. 7, 1942, was 2% less than the previous week, shipments were 10% less, new business 19% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 10% above production; new orders 15% above production. Compared with the corresponding week of 1941, production was 3% less, shipments, 0.3% greater, and new business, 0.5% less. The industry stood at 157% of the average of production in the corresponding week of 1935-39 and 151% of average 1935-39 shipments in the same week.

**Year-to-Date Comparisons**  
 Reported production for the first 5 weeks of 1942 was 5% below corresponding weeks of 1941; shipments were 2% below the shipments, and new orders 10% above the orders of the 1941 period. For the 5 weeks of 1942, new business was 34% above production, and shipments were 13% above production.

**Supply and Demand Comparisons**  
 The ratio of unfilled orders to gross stocks was 46% on Feb. 7, 1942, compared with 34% a year ago. Unfilled orders were 29% greater than a year ago; gross stocks were 6% less.

**Softwoods and Hardwoods**  
 Record for the current week ended Feb. 7, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

	Softwoods and Hardwoods		
	1942 Week	1941 Week	Previous Week (rev.)
Mills	457	457	472
Production	220,835	226,506	224,956
Shipments	243,336	242,706	271,090
Orders	254,338	255,724	314,940
Softwoods and Hardwoods			
	1942 Week	1941 Week	1942 Week
Mills	379	92	
Production	209,135—100%	11,700—100%	
Shipments	231,675—111%	11,661—100%	
Orders	242,339—116%	11,999—103%	



# Revenue Freight Car Loadings During Week Ended Feb. 7, 1942 Amounted To 784,060 Cars

Loading of revenue freight for the week ended Feb. 7, totaled 784,060 cars, the Association of American Railroads announced on Feb. 12. The increase above the corresponding week in 1941 was 73,864 cars or 10.4%, and above the same week in 1940 was 153,631 cars or 25.0%.

Loading of revenue freight for the week of Feb. 7 decreased 31,507 cars or 3.9% below the preceding week.

Miscellaneous freight loading totaled 352,947 cars, a decrease of 19,403 cars below the preceding week, but an increase of 50,192 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 151,718 cars, a decrease of 68 cars below the preceding week, and a decrease of 1,606 cars below the corresponding week in 1941.

Coal loading amounted to 153,047 cars, a decrease of 2,603 cars below the preceding week, but an increase of 3,653 cars above the corresponding week in 1941.

Grain and grain products loading totaled 41,315 cars, a decrease of 6,314 cars below the preceding week, but an increase of 12,585 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Feb. 7 totaled 27,866 cars, a decrease of 4,281 cars below the preceding week, but an increase of 10,550 cars above the corresponding week in 1941.

Live stock loading amounted to 10,414 cars, a decrease of 1,103 cars below the preceding week, but an increase of 124 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Feb. 7 totaled 7,604 cars, a decrease of 875 cars below the preceding week, but an increase of 120 cars above the corresponding week in 1941.

Forest products loading totaled 47,146 cars, a decrease of 1,618 cars below the preceding week, but an increase of 8,634 cars above the corresponding week in 1941.

Ore loading amounted to 13,405 cars, an increase of 63 cars above the preceding week, and an increase of 587 cars above the corresponding week in 1941.

Coke loading amounted to 14,068 cars, a decrease of 461 cars below the preceding week, and a decrease of 305 cars below the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Pochontas and all districts reported increases over 1940.

	1942	1941	1940
5 Weeks of January	3,858,273	3,454,409	3,215,565
Week of Feb. 7	784,060	710,196	627,429
Total	4,642,333	4,164,605	3,842,994

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 7, 1942. During this period 106 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED FEB. 7

Railroads	Total Revenue Freight Loaded		Total Loads Received from Connections	
	1942	1941	1942	1941
<b>Eastern District—</b>				
Ann Arbor	638	548	580	1,485
Bangor & Aroostook	2,005	1,926	1,738	256
Boston & Maine	7,970	7,817	7,399	14,261
Chicago, Indianapolis & Louisville	1,346	1,240	1,457	2,359
Central Indiana	33	11	19	50
Central Vermont	1,325	1,293	1,265	2,221
Delaware & Hudson	6,494	5,789	4,138	11,162
Delaware, Lackawanna & Western	9,193	9,199	7,689	9,122
Detroit & Mackinac	282	248	251	140
Detroit, Toledo & Ironton	2,352	3,079	2,610	1,733
Detroit & Toledo Shore Line	305	375	294	3,794
Erie	14,433	13,562	10,732	16,077
Grand Trunk Western	4,842	5,800	4,822	8,727
Lehigh & Hudson River	213	162	127	3,152
Lehigh & New England	1,686	1,687	1,390	1,539
Lehigh Valley	9,113	9,129	7,158	9,938
Maine Central	3,598	3,331	2,971	3,674
Monongahela	6,069	4,891	6,551	470
Montour	1,885	2,009	1,810	49
New York Central Lines	45,615	44,150	38,164	49,546
N. Y., N. H. & Hartford	12,427	10,941	9,256	17,028
New York, Ontario & Western	1,128	1,076	852	2,255
N. Y., Chicago & St. Louis	6,866	5,070	5,187	14,089
N. Y., Susquehanna & Western	540	453	401	1,471
Pittsburgh & Lake Erie	7,351	7,710	5,791	7,238
Pere Marquette	5,336	6,185	5,715	6,476
Pittsburgh & Shawmut	562	515	575	47
Pittsburgh, Shawmut & North	414	421	433	311
Pittsburgh & West Virginia	747	733	1,127	2,257
Rutland	516	587	545	1,027
Wabash	6,013	5,650	5,346	11,804
Wheeling & Lake Erie	4,388	4,311	3,445	4,101
<b>Total</b>	<b>165,685</b>	<b>159,898</b>	<b>139,837</b>	<b>207,859</b>
<b>Allegheny District—</b>				
Akron, Canton & Youngstown	705	588	443	1,034
Baltimore & Ohio	39,184	34,170	29,206	23,105
Beasmer & Lake Erie	3,303	3,261	2,560	1,360
Buffalo Creek & Gauley	320	273	354	5
Cambria & Indiana	1,856	1,837	1,669	12
Central R.R. of New Jersey	7,486	6,970	5,464	16,859
Cornwall	604	615	631	74
Cumberland & Pennsylvania	308	340	301	29
Ligonier Valley	125	158	172	59
Long Island	800	634	523	3,247
Penn-Reading Seashore Lines	1,754	1,304	1,095	1,956
Pennsylvania System	77,366	69,706	58,784	55,533
Reading Co.	16,003	16,143	12,147	26,152
Union (Pittsburgh)	18,946	19,694	15,955	3,868
Western Maryland	4,010	3,637	3,322	10,495
<b>Total</b>	<b>172,770</b>	<b>159,330</b>	<b>132,606</b>	<b>143,788</b>
<b>Pochontas District—</b>				
Chesapeake & Ohio	23,278	22,602	23,921	10,045
Norfolk & Western	20,073	21,416	18,920	6,384
Virginian	4,351	4,397	4,512	2,124
<b>Total</b>	<b>47,702</b>	<b>48,415</b>	<b>47,353</b>	<b>18,553</b>

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
<b>Southern District—</b>					
Alabama, Tennessee & Northern	381	285	191	334	175
Atl. & W. P.—W. R.R. of Ala.	899	810	714	2,285	1,660
Atlanta, Birmingham & Coast	799	709	513	1,153	1,106
Atlantic Coast Line	12,927	10,988	8,499	8,260	6,771
Central of Georgia	4,520	4,174	3,477	4,365	3,591
Charleston & Western Carolina	444	436	367	1,712	1,699
Cinchfield	1,698	1,557	1,428	2,904	2,858
Columbus & Greenville	252	258	251	286	317
Durham & Southern	179	162	151	557	727
Florida East Coast	1,354	998	783	1,213	1,110
Gainsville Midland	39	36	33	126	76
Georgia	1,460	1,068	846	2,595	1,858
Georgia & Florida	449	321	227	692	709
Gulf, Mobile & Ohio	4,441	3,387	2,839	3,754	2,779
Illinois Central System	28,768	21,639	20,802	15,053	12,315
Louisville & Nashville	24,582	23,309	22,952	8,845	6,832
Macon, Dublin & Savannah	190	120	128	813	1,037
Mississippi Central	168	148	110	625	337
Nashville, Chattanooga & St. L.	3,232	3,131	2,557	3,733	3,053
Norfolk Southern	1,289	1,162	936	1,383	1,121
Piedmont Northern	531	464	416	1,548	1,539
Richmond Fred. & Potomac	458	359	365	9,144	5,645
Seaboard Air Line	10,686	10,160	8,268	8,109	6,320
Southern System	24,410	23,346	19,459	21,954	17,198
Tennessee Central	581	522	374	840	706
Winston-Salem Southbound	126	139	153	1,007	863
<b>Total</b>	<b>124,863</b>	<b>109,688</b>	<b>96,839</b>	<b>103,290</b>	<b>82,397</b>

Northwestern District—					
Chicago & North Western	18,364	15,067	14,080	14,044	11,314
Chicago Great Western	2,751	2,278	2,229	3,569	3,115
Chicago, Milw., St. P. & Pac.	22,414	19,925	17,862	10,040	8,727
Chicago, St. Paul, Minn. & Omaha	4,903	3,873	3,608	4,373	3,502
Duluth, Missabe & Iron Range	1,203	927	855	429	185
Duluth, South Shore & Atlantic	731	560	522	600	451
Elgin, Joliet & Eastern	9,786	9,808	7,676	10,405	8,944
Ft. Dodge, Des Moines & South	509	423	354	137	143
Great Northern	11,848	9,336	8,189	4,446	3,150
Green Bay & Western	597	570	491	838	688
Lake Superior & Ishpeming	335	218	244	72	64
Minneapolis & St. Louis	2,410	1,518	1,424	2,563	2,100
Minn., St. Paul & S. S. M.	5,696	4,959	4,787	3,602	2,679
Northern Pacific	10,436	9,233	8,388	4,349	3,680
Spokane International	102	71	75	390	289
Spokane, Portland & Seattle	2,605	1,799	1,395	2,617	1,709
<b>Total</b>	<b>94,690</b>	<b>80,565</b>	<b>72,179</b>	<b>62,474</b>	<b>50,290</b>

Central Western District—					
Atch. Top. & Santa Fe System	22,225	17,770	16,123	9,410	7,065
Alton	3,349	3,095	2,570	3,281	2,361
Bingham & Garfield	472	477	437	96	103
Chicago, Burlington & Quincy	17,375	15,194	14,440	11,213	8,527
Chicago & Illinois Midland	2,993	2,670	1,709	860	759
Chicago, Rock Island & Pacific	12,031	10,463	9,986	12,024	9,873
Chicago & Eastern Illinois	2,894	2,535	2,628	3,183	2,847
Colorado & Southern	762	720	730	1,537	1,597
Denver & Rio Grande Western	2,916	2,684	2,539	4,630	2,942
Denver & Salt Lake	638	493	954	7	9
Fort Worth & Denver City	1,187	919	1,020	1,235	999
Illinois Terminal	1,916	1,636	2,060	1,494	1,532
Missouri-Illinois	1,173	792	798	480	405
Nevada Northern	1,915	1,913	1,565	137	124
North Western Pacific	722	638	525	351	400
Peoria & Pekin Union	12	20	11	0	0
Southern Pacific (Pacific)	25,850	23,797	19,791	9,270	5,908
Toledo, Peoria & Western	213	304	369	928	1,271
Union Pacific System	15,261	13,400	12,779	11,678	8,205
Utah	562	412	352	6	6
Western Pacific	1,857	1,733	1,148	3,026	1,934
<b>Total</b>	<b>116,323</b>	<b>101,665</b>	<b>92,534</b>	<b>74,846</b>	<b>56,867</b>

Southwestern District—					
Burlington-Rock Island	175	133	139	291	250
Gulf Coast Lines	4,896	3,130	3,191	2,902	1,425
International-Great Northern	2,264	1,496	1,474	2,804	2,257
Kansas, Oklahoma & Gulf	344	165	192	1,103	1,030
Kansas City Southern	3,269	2,314	2,060	2,632	2,230
Louisiana & Arkansas	2,441	2,017	1,578	2,349	1,615
Litchfield & Madison	409	351	438	1,231	973
Midland Valley	500	594	600	242	205
Missouri & Arkansas	210	148	115	493	403
Missouri-Kansas-Texas Lines	5,041	3,971	3,589	4,673	2,838
Missouri Pacific	17,385	15,149	13,768	13,865	10,298
Quanah Acme & Pacific	154	95	98	229	140
St. Louis-San Francisco	8,765	7,619	6,985	7,285	5,241
St. Louis Southwestern	3,600	2,436	2,156	4,744	2,991
Texas & New Orleans	8,183	7,061	6,345	5,352	3,517
Texas & Pacific	4,195	3,829	3,230	6,954	4,512
Wichita Falls & Southern	136	117	109	37	64
Weatherford M. W. & N. W.	20	10	14	21	197
<b>Total</b>	<b>62,027</b>	<b>50,635</b>	<b>46,081</b>	<b>57,207</b>	<b>40,186</b>

Note—Previous year's figures revised.

## Preliminary Estimates Of January Coal Output

According to preliminary estimates made by the Bureau of Mines and the Bituminous Coal Division of the United States Department of the Interior, bituminous coal output during the month of January, 1942, amounted to 48,540,000 net tons, compared with 46,667,000 net tons in the preceding month and 44,070,000 net tons in the corresponding month in 1941. Pennsylvania anthracite production during January, 1942, totaled 4,532,000 net tons, as against 4,977,000 net tons in the same month last year and 4,118,000 net tons in December, 1941. The consolidated statement of the two aforementioned organizations follows:

	Total for Month (Net Tons)	No. of Work Days	Average per Work Day (Net Tons)
January, 1942 (prelim.)—			
*Bituminous coal	48,540,000	26	1,867,000
†Anthracite	4,532,000	—	—
Beehive coke	636,700	—	—
December, 1941—			
*Bituminous coal	46,6		



Fertilizer Ass'n. Price Index Again Rises

There was another upturn in wholesale commodity price levels last week led by a rise in food prices. The weekly wholesale commodity price index compiled by The National Fertilizer Association was released Feb. 16. In the week ended Feb. 14, 1942, it rose to 122.5% of the 1935-1939 average, compared with 122.0 in the preceding week. At this level the index is 0.8% above the corresponding week a month ago when it registered 121.15 and is 21.2% higher than at this time a year ago.

The advance in the all-commodity index was brought about chiefly by a marked rise in foodstuffs. Although a general increase in food prices, led by advances in meats resulted in the moderate upward movement of the food group index, this index is still below the level reached during the week of Jan. 17. Industrial commodities increased in price. The sharpest gain was recorded by the building material average which spurted upward as a result of price rises for crushed stone, lumber, and zinc oxide. An upswing in the fuel index was caused by a rise in gasoline quotations. The textile group average advanced slightly; cotton and cotton materials were again lower, but the effect of these declines on the group average was more than offset by the rise in the price of wool. The chemical and drug and fertilizer material price indexes also moved upward during the week. The farm product index slipped back fractionally when the cotton, grain, and livestock subgroups declined. Slight reactions in cottonseed meal and cattle feed prices resulted in a small decline in the index of miscellaneous commodities.

During the week changes in price series included in the index were nearly evenly balanced with 22 items advancing and 23 declining; in the preceding week there were 25 advances and 22 declines; in the second preceding week there were 30 advances and 15 declines.

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

Table with columns: Each Group Bears to the Total Index, GROUP, Latest Week, Preceding Month, Year Ago. Rows include Foods, Farm Products, Fuels, Miscellaneous Commodities, Textiles, Metals, Building Materials, Chemicals and Drugs, Fertilizer Materials, Fertilizers, Farm Machinery, and All Groups Combined.

\*Indexes on 1926-1928 base were: Feb. 14, 1942, 95.4; Feb. 7, 1942, 95.0; Feb. 15, 1941, 78.8.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report, stated that the total production of soft coal in the week ended Feb. 7 is estimated at 10,760,000 net tons, indicating a decrease of 435,000 tons, or 3.9%, from the preceding week. Production in the corresponding week of 1941 amounted to 10,095,000 tons.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Feb. 7 was estimated at 1,150,000 tons, an increase of 54,000 tons (about 5%) over the preceding week. When compared with the output in the corresponding week of 1941, there was an increase of 0.8%.

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

Table showing production of soft coal and crude petroleum for weeks ended Feb. 7, 1942 and 1941, and for the corresponding week of 1941.

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

Table showing production of Pennsylvania anthracite and beehive coke for weeks ended Feb. 7, 1942 and 1941, and for the corresponding week of 1941.

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

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

(The current weekly estimates are based on railroad loadings 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 showing estimated weekly production of coal by states for weeks ended Jan. 31, 1942, Feb. 1, 1942, Feb. 7, 1942, and Jan. 30, 1941.

Weekly Statistics Of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Table with columns: Period, Orders Received Tons, Production Tons, Unfilled Orders Remaining Tons, Percent of Activity Current, Percent of Activity Cumulative. Rows include 1941—Month of, 1942—Month of, 1941—Week Ended, and 1942—Week Ended.

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 stock, and other items made necessary adjustments of unfilled orders.

Market Transactions In Govts. For Jan.

Market transactions in Government securities for Treasury investment accounts in January, 1942, resulted in net sales of \$520,700, Secretary Morgenthau announced on Feb. 16. This compares with net purchases of \$60,004,000 in December.

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

Table showing Treasury's transactions in Government securities for 1940 and 1941, including sales and purchases of various securities.

National Banks

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

CHANGE OF TITLE

Feb. 11 West Palm Beach Atlantic National Bank, West Palm Beach, Florida. To: "Atlantic National Bank of West Palm Beach."

VOLUNTARY LIQUIDATION

Feb. 11 The Lamberton National Bank of Franklin, Pa. Effective Dec. 20, 1941. Liquidating Committee: Chess Lamberton, R. Lamberton and W. E. Barrow, care of the liquidating bank. Absorbed by: The Exchange Bank & Trust Co., Franklin, Pa. \$250,000

Says Housing Essential

President Roosevelt declared on Feb. 6 that "the goal of a slumless America must be preserved." In a message read to the annual meeting of the National Public Housing Conference in Washington, the President expressed regret that slum-clearance housing must be retarded substantially during the war. The Associated Press reported his message as follows:

"The recognized need for adequate housing for all of our citizens has been emphasized by the special need for proper housing for civilian and enlisted personnel—and their families—concerned in the effort to win the war," Mr. Roosevelt said.

"Adequate housing is a morale builder and is essential to the speed and efficiency of our national defense work. The program of clearing slums and providing decent homes for the ill-housed of our Nation in the years before the war laid the foundation for the intensified housing effort necessary today. The job of clearing the slums, which your conference helped to begin, of necessity must be reduced substantially for the duration. With the scarcity of building materials we can now afford to build homes only in defense areas. But the goal of a slumless America must be preserved.

"I know that you recognize the social and economic importance of the public housing program in the period immediately following the winning of the war. . . . The recommendations of your conference and your assistance in setting up the proper machinery by the Federal Government and by local communities will be a real contribution toward post-war reconstruction."

Insolvent National Bank Dividends

Comptroller of the Currency Preston Delano announced on Feb. 5 that during the month ended Jan. 31, 1942, authorizations were issued to receivers for payments of dividends to the creditors of eight insolvent national banks. Dividends so authorized says the announcement will effect total distributions of \$1,637,100 to 59,360 claimants who have proved claims aggregating \$31,583,200, or an average payment of 5.18%. The announcement continues:

The minimum and maximum percentages of dividends authorized were 1.45% and 11.1%, while the smallest and largest payments involved in dividend authorizations during the month were \$13,200 and \$1,078,500, respectively. Of the eight dividends authorized, seven were final dividend payments, and one was a partial interest dividend payment. Dividend payments so authorized during the month ended Jan. 31, 1942, were as follows:

DIVIDEND PAYMENTS TO CREDITORS OF INSOLVENT NATIONAL BANKS AUTHORIZED DURING THE MONTH ENDED JAN. 31, 1942

Table showing dividend payments to creditors of insolvent national banks authorized during the month ended Jan. 31, 1942, including bank name, date authorized, amount, and percentage.

\*Interest partial. In case of other banks final dividend.



### 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. 16 as follows:

	(August, 1939=100)	Argen- tina	Aus- traia	Can- ada	Eng- land	Java	Mex- ico	New Zealand	Swe- den	Swit- zerland	United States
<b>1941—</b>											
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	141	139	123	157	210	145	
<b>1942—</b>											
January	144	123	146	160	140	140	123	157	211	151	
<b>Weeks end.:</b>											
Dec. 6	141	122	143	159	141	137	124	157	209	142	
Dec. 13	137	122	143	160	141	139	123	157	209	144	
Dec. 20	142	122	143	159	141	139	123	157	209	144	
Dec. 27	142	123	144	160	141	139	123	157	210	147	
<b>1942—</b>											
Jan. 3	142	123	144	160	140	140	123	157	211	151	
Jan. 10	143	123	144	159	141	141	123	157	211	151	
Jan. 17	145	123	146	160	140	140	124	157	211	151	
Jan. 24	145	123	147	160	140	139	123	157	211	151	
Jan. 31	145	124	151	161	140	139	124	157	211	151	
Feb. 7	146	124	151	159	140	139	124	157	211	151	

### Electric Output For Week Ended Feb. 14, 1942, Shows 15.0% 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. 14, 1942, was 3,421,639,000 kwh., which compares with 2,976,478,000 kwh. in the corresponding period in 1941, a gain of 15.0%. The output for the week ended Feb. 7, 1942, was estimated to be 3,474,638,000 kwh., an increase of 16.2% over the corresponding week in 1941.

Major Geographic Divisions—	PERCENTAGE INCREASE OVER PREVIOUS YEAR			
	Feb. 14, '42	Feb. 7, '42	Jan. 31, '42	Jan. 24, '42
New England	15.3	17.6	18.1	16.0
Middle Atlantic	12.7	14.7	12.7	11.6
Central Industrial	13.9	14.4	13.7	13.2
West Central	14.7	13.9	12.0	12.5
Southern States	15.3	15.2	17.5	16.9
Rocky Mountain	16.7	19.9	17.9	18.2
Pacific Coast	20.6	25.0	24.8	21.0
<b>Total United States</b>	<b>15.0</b>	<b>16.2</b>	<b>15.8</b>	<b>14.8</b>

Week Ended—	DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)				
	% Change 1941	1940	over 1940	1939	1938
Aug. 2	3,263,082	2,762,240	+18.1	2,399,805	2,193,750
Aug. 9	3,233,242	2,743,284	+17.9	2,413,600	2,198,266
Aug. 16	3,238,160	2,745,697	+17.9	2,453,556	2,206,560
Aug. 23	3,230,750	2,714,193	+19.0	2,434,101	2,202,454
Aug. 30	3,261,149	2,736,224	+19.2	2,442,021	2,216,648
Sept. 6	3,132,954	2,591,957	+20.9	2,375,852	2,119,985
Sept. 13	3,222,346	2,773,177	+19.8	2,532,014	2,279,233
Sept. 20	3,273,375	2,769,346	+18.2	2,538,118	2,211,059
Sept. 27	3,273,376	2,816,358	+16.2	2,558,538	2,207,942
Oct. 4	3,330,582	2,792,067	+19.3	2,554,290	2,239,384
Oct. 11	3,355,440	2,817,465	+19.1	2,583,366	2,234,750
Oct. 18	3,373,596	2,837,730	+16.8	2,571,331	2,237,212
Oct. 25	3,340,768	2,866,827	+16.5	2,622,267	2,283,831
Nov. 1	3,380,488	2,882,137	+17.3	2,608,664	2,270,534
Nov. 8	3,368,690	2,858,054	+17.9	2,588,618	2,276,904
Nov. 15	3,347,893	2,889,937	+15.8	2,587,113	2,263,679
Nov. 22	3,247,938	2,839,421	+14.4	2,560,962	2,247,712
Nov. 29	3,339,364	2,931,877	+13.9	2,605,274	2,334,690
Dec. 6	3,414,844	2,975,704	+14.8	2,654,395	2,376,541
Dec. 13	3,475,919	3,003,543	+15.7	2,694,194	2,390,388
Dec. 20	3,475,140	3,052,419	+14.5	2,712,211	2,424,935
Dec. 27	3,234,128	2,757,259	+17.3	2,464,795	2,174,816

Week Ended	DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)				
	% Change 1941	1940	over 1940	1939	1938
Jan. 3	3,288,685	2,845,727	+15.6	2,558,180	1,619,265
Jan. 10	3,472,579	3,002,454	+15.7	2,688,380	1,602,482
Jan. 17	3,450,468	3,012,638	+14.5	2,673,823	1,598,201
Jan. 24	3,440,163	2,996,155	+14.8	2,660,962	1,588,967
Jan. 31	3,468,193	2,994,047	+15.8	2,632,555	1,588,853
Feb. 7	3,474,638	2,989,392	+16.2	2,618,111	1,578,317
Feb. 14	3,421,639	2,976,478	+15.0	2,564,670	1,545,459

\*Revised. Total for year 138,653,997 124,502,309 111,557,727 117,141,591

### Moody's Bond Prices And Bond Yield Averages

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

1942—	Daily Average	MOODY'S BOND PRICES (Based on Average Yields)									
		U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings *			Corporate by Groups *				
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus.			
Feb. 17	116.03	106.56	116.02	113.50	107.80	91.48	96.85	110.52	113.50		
16	116.30	106.74	116.22	113.50	107.80	91.82	97.00	110.70	113.31		
14	116.39	106.74	116.22	113.50	107.80	91.77	97.00	110.52	113.56		
13	116.27	106.74	116.41	113.50	107.80	91.77	97.16	110.70	113.50		
12											
11	116.56	106.74	116.22	113.50	107.80	91.77	97.00	110.70	113.70		
10	116.70	106.74	116.22	113.70	107.98	91.77	97.16	110.52	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	107.93	91.91	97.16	110.70	113.70		
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.52	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	113.56		
3	117.16	106.74	116.22	113.70	107.80	92.06	97.31	110.52	113.56		
2	117.17	106.74	116.22	113.50	107.80	92.06	97.31	110.52	113.70		
Jan. 30	117.08	106.92	116.22	113.70	107.80	91.91	97.31	110.70	113.70		
23	117.51	106.92	116.22	113.89	107.62	91.91	97.31	110.52	113.76		
16	117.60	106.92	116.41	114.08	107.62	91.77	97.16	110.70	113.59		
9	118.00	106.92	116.41	114.08	107.62	90.63	95.92	110.34	113.31		
2	117.61	106.94	115.82	113.50	107.09	90.63	95.92	110.88	113.85		
High 1942	118.10	106.92	116.61	114.08	107.98	92.06	97.47	110.88	113.85		
Low 1942	116.03	106.04	115.32	113.50	107.09	90.63	95.92	110.34	113.31		
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.42		
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62		
1 Year ago											
Feb. 17, 1941	115.99	105.69	117.40	112.93	106.21	89.37	95.77	109.42	112.93		
2 Years ago											
Feb. 17, 1940	115.49	102.63	116.02	112.37	101.31	84.68	90.77	107.27	111.27		

1942—	Daily Average	MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices)									
		Avge. Corporate	Corporate by Ratings *			Corporate by Groups *					
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus.			
Feb. 17	3.38	2.85	2.98	3.29	4.31	3.95	3.14	2.91			
16	3.35	2.84	2.98	3.29	4.30	3.94	3.13	2.91			
14	3.35	2.84	2.98	3.29	4.29	3.94	3.14	2.91			
13	3.35	2.83	2.98	3.29	4.29	3.93	3.13	2.91			
12											
11	3.35	2.84	2.98	3.29	4.29	3.94	3.13	2.91			
10	3.35	2.84	2.97	3.28	4.28	3.93	3.14	2.91			
9	3.34	2.84	2.97	3.28	4.28	3.93	3.14	2.91			
7	3.34	2.84	2.97	3.28	4.28	3.93	3.13	2.91			
6	3.35	2.83	2.97	3.29	4.28	3.93	3.14	2.91			
5	3.34	2.83	2.97	3.29	4.28	3.93	3.14	2.91			
4	3.35	2.84</									



**AIB Shortens Convention**

In recognition of the burdens being placed on the banks of the country by the nation's war program, the annual convention of the American Institute of Banking to be held this year at New Orleans will be shortened by a day and a half, it is announced by George T. Newell, President of the Institute, who is Vice-President of the Manufacturers Trust Co., New York. The dates will be June 8-11. This decision was made by the Executive Council of the Institute at its recent mid-winter meeting. The emphasis of the convention will be more than ever on the study side, Mr. Newell states. It is desired to give the delegates just as intensive and valuable a program as ever, he says, but with the shortest possible absence from their desks at home.

There will be no sacrifice whatever of the study conferences and business sessions that have characterized AIB convention programs, Mr. Newell states. In fact, these will be intensified. The changes he indicates will be made possible by curtailing the usual entertainment features. The first day customarily devoted to registration and sightseeing will be devoted to registration and conferences and the outing usually held on Wednesday afternoon and evening will be omitted and conferences substituted for it. The announcement also says:

The annual public speaking contest will be held Monday evening, June 8, the first general session, Tuesday morning, June 9. The national debate will be held Tuesday evening, June 9, and the pre-election caucuses will be held Wednesday evening, June 10.

The grand ball, usually the closing feature, will follow the caucuses on Wednesday evening, June 10. The convention will close with the second general session, Thursday morning, June 11.

**Smith On CCC Cotton Div.**

The Department of Agriculture on Jan. 30 said C. C. Smith had been appointed Assistant Director of the Cotton Division of the Commodity Credit Corporation to succeed E. D. White, who recently was named Assistant Chief of the Agricultural Adjustment Administration. The announcement also stated:

Mr. Smith has been with the Extension Service of the Department as a District Agent, with headquarters in Greenwood, Miss. He is known throughout the South as a specialist in cotton production and marketing problems. In his new position, Mr. Smith will be in the Washington office of CCC with G. E. Rathell, director of the Cotton Division, in administering the cotton loan program.

**FDR Tribute To Lincoln**

President Roosevelt paid tribute on Feb. 12 to the memory of Abraham Lincoln at a brief ceremony held at the Lincoln Memorial in Washington on the 133rd anniversary of the birth of the Civil War President. The President stood by as a military aide placed a wreath at the foot of Lincoln's statue. He was accompanied by Brig. Gen. Edwin M. Watson, his secretary and chief military aide, and Captain John L. McCrea, his naval aide.

In Springfield, Ill., Lord Halifax, British Ambassador to the United States, laid a wreath at the tomb of Abraham Lincoln on behalf of the British people, while in Lincoln, England, John G. Winant, American Ambassador to Britain, was the guest of honor at a luncheon commemorating Lincoln's birth.

**Steel Production Continues To Increase—  
Need For Plates Higher Than Expected**

Steel output this week touched a new high, exceeding the previous record established in early November of last year by a half point, states "The Iron Age" in its issue of today (Feb. 19). Thus steel plants in the United States reacted to Singapore's fall and other bad news from World War fronts. Steel production for the week was at 98.5%, a gain of a point over last week's rate and a half point above the previous peak of early November, 1941, adds the "Age," which further goes on to say:

Operating increases in various steel areas are small and scattered. Pittsburgh is unchanged at 97% while the Chicago rate is up 1½ points to 104%. The Philadelphia district rate rose a half point to 91% and Cleveland gained three points to 98%. Youngstown dropped two points to 95%. Buffalo was unchanged at 90% and Wheeling held at 88%. The South Ohio River plants eased seven points to 98% and the Eastern mills gained eight points to 113%.

Although final reports are not yet completed, it is estimated that some 7,100,000 tons of Lake Superior iron ore were consumed in January, 1942, as compared with 6,331,018 gross tons consumed in the corresponding month of 1941. January consumption apparently broke all previously existing records including the one set in December, 1941, when 7,061,981 gross tons were used. Estimated January stocks of iron ore at furnaces in the United States were approximately 27,225,000 tons.

A factor in the current improvement in the steel melting rate is the more vigorous effort by scrap dealers and the mills to increase the flow of scrap despite bad weather in some areas. Government seizures of automobile graveyards in various areas are expected shortly. Last week the country was divided into sectors for supervision of the auto-graveyard program. The Office of Price Administration has drawn "time tables" outlining its various steps against un-cooperative auto wreckers.

With appeals being made for industrial management and all other classes of the population to sacrifice more and work harder for greater output of war goods, industry this week noted with misgivings that the steel labor situation was working up to another critical point. Increasing its pressure to win a \$1 a day wage increase, as well as the check off of union dues and the closed shop, the Steel Workers Organizing Committee is preparing to seek Labor Board elections at all points of the United States Steel Corporation in an attempt to establish the union, now solely representing its members, as exclusive bargaining agent. The SWOC is expected soon to invoke the 20-day clause in its contract with United States Steel subsidiaries to place before the corporation wage demands already made on Bethlehem Steel Co., Youngstown Sheet & Tube Co., Inland Steel Co. and Republic Steel Corp.

Steel orders during the last 10 days have run ahead of the corresponding period of January. Although necessary civilian requirements such as repair and maintenance are likely to be met, heavy war needs will blot out all other requirements for some months to come. More plates will be needed than generally supposed and munition requirements may expand sharply before the end of the year. The need for ships overshadows all other demand and is diverting a very large tonnage of steel from other uses.

Demand for structural shapes for freight cars and rehabilitation of new factory buildings, including such items as a new \$13,000,000 ordnance plant to be built in Ohio for the War Department, is so heavy that complete allocation for this product is likely. The already rigid controls over production, consumption and allocation of steel plates were reinforced this week by a WPB request for detailed information from plate makers and consumers.

Structural steel awards for the week are estimated at 22,900 tons against 25,000 tons last week with new projects at 18,100 tons against 25,500 tons. Reinforcing steel awards are at 36,000 tons compared with 9,450 tons while new jobs total 10,000 tons against 19,410 tons last week.

**THE "IRON AGE" COMPOSITE PRICES**

Finished Steel		High		Low	
Feb. 17, 1942, 2.30467c. a Lb.		1939	\$22.61	Sep. 19	\$20.61
One week ago	2.30467c.	1938	23.25	Jun. 21	19.61
One month ago	2.30467c.	1937	23.25	Mar. 9	20.25
One year ago	2.30467c.	1936	19.74	Nov. 24	18.73
Weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.		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**

Steel Scrap		High		Low	
Feb. 17, 1942, \$19.17 a Gross Ton		1941	\$22.00	Jan. 7	\$19.17
One week ago	\$19.17	1940	21.83	Dec. 30	16.04
One month ago	19.17	1939	22.50	Oct. 3	14.08
One year ago	20.08	1938	15.00	Nov. 22	11.00
Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.		1937	21.92	Mar. 30	12.92
		1936	17.75	Dec. 21	12.67
		1935	13.42	Dec. 10	10.33
		1934	13.00	Mar. 13	9.50
		1933	12.25	Aug. 8	6.75
		1932	8.50	Jan. 12	6.43
		1931	11.33	Jan. 6	8.50
		1930	15.00	Feb. 18	11.25
		1929	17.58	Jan. 29	14.08

The American Iron and Steel Institute on Feb. 16 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 96.2% of capacity for the week beginning Feb. 16, compared with 95.5% one week ago, 95.0% one month ago and 94.6% one year ago. This represents an increase of 0.7

point or 0.7% from the preceding week. The operating rate for the week beginning Feb. 16 is equivalent to 1,634,100 tons of steel ingots and castings, compared to 1,622,400 tons one week ago, 1,614,200 tons two weeks ago, 1,607,600 tons for the week beginning Jan. 26, 1,614,200 tons for the week beginning Jan. 19, 1,615,800 tons for the week beginning Jan. 12, 1,592,700 tons for the week beginning Jan. 5, and 1,526,700 tons one year ago. Weekly indicated rates of steel operations since Feb. 3, 1941, follow:

Feb 3	96.9%	May 12	99.2%	Aug 25	96.5%	Dec 8	97.5%
Feb 10	97.1%	May 19	99.9%	Sep 2	96.3%	Dec 15	97.9%
Feb 17	94.6%	May 26	98.6%	Sep 9	96.9%	Dec 22	93.4%
Feb 24	96.3%	Jun 2	99.2%	Sep 15	96.1%	Dec 29	96.1%
Mar 3	97.5%	Jun 9	98.6%	Sep 22	96.8%	1942—	
Mar 10	98.8%	Jun 16	99.0%	Sep 29	96.9%	Jan. 5	93.8%
Mar 17	99.4%	Jun 23	99.9%	Oct 6	98.1%	Jan. 12	95.1%
Mar 24	99.8%	Jun 30	91.8%	Oct 13	98.4%	Jan. 19	95.0%
Mar 31	99.2%	Jul 7	94.9%	Oct 20	97.8%	Jan. 26	94.6%
Apr 7	99.3%	Jul 14	95.2%	Oct 27	99.9%	Feb. 2	95.0%
Apr 14	98.3%	Jul 21	96.0%	Nov 3	98.2%	Feb. 9	95.5%
Apr 21	96.0%	Jul 28	97.6%	Nov 10	96.6%	Feb. 16	96.2%
Apr 28	94.3%	Aug 4	96.3%	Nov 17	97.0%		
May 5	96.8%	Aug 11	95.6%	Nov 24	95.9%		
		Aug 18	96.2%	Dec 1	97.6%		

\*Revised figure.

"Steel" of Cleveland, in its summary of the iron and steel markets on Feb. 16, stated:

Each month sees the steel industry more wholly concentrated on war preparations, with better control of production and distribution. Close cooperation of government bodies and steel producers is working out a pattern for most efficient use of resources and every ton of steel is being utilized to the utmost.

While many details remain to be adjusted the general picture has cleared and progress is much better than a few months ago. Further controls are being imposed and necessary materials thereby directed into channels of vital importance to the war effort.

To co-ordinate the war efforts of Canada and the United States the former has been placed on practically the same priority basis as the latter for all war and essential civilian supplies. Applications for priority made by Canadian steel users will be handled on the same basis as from those in the United States. Canada's greatest need is for plates for shipbuilding and mills are booked far ahead. Additional plate mills are under construction but in the meantime aid is needed from this country.

Railroads continue to place orders for rolling stock, 4,300 cars being bought thus far in February, exceeding the total for all January. Locomotive orders also are heavy, both for road engines and switches. Builders are working toward fulfillment of the promise of 36,000 new cars by May 1, deemed necessary to meet heavy traffic demands.

Steel production last week was 1 point above the preceding week, at 97%. Detroit advanced 6 points to 91%, Pittsburgh 1½ points to 90½, Wheeling 6½ points to 90½, New England 8 points to 100, Cleveland 2 points to 86½ and Youngstown 1 point to 89. Cincinnati lost 3 points to 84% and Chicago ½-point to 102½. Rates were unchanged at Buffalo, 79½; St. Louis 78; Birmingham, 90; eastern Pennsylvania, 90.

Steel ingot and castings production in January, 7,129,351 net tons, set a new record for that month, 3% above the previous record, made in January, 1941. Though slightly less than output in December, it was the fourth largest tonnage for any month in the industry's history. New ingot capacity figures have been issued by the American Iron and Steel Institute, 88,570,000 net tons, as of Jan. 1, an increase of 4,418,000 tons over Jan. 1, 1941, and 2,421,000 tons over July 1. Pig iron capacity is 60,394,000 net tons, an increase of 2,784,000 tons over Jan. 1, 1941.

Government agencies are tightening regulations on tin plate makers and can manufacturers. The latter are ordered to give full preference to Army and Navy orders and to reduce the number of sizes, almost eliminating small cans. Products for which tin cans can be used are designated. Electrolytic tin coating is seen as a solution of tin conservation as the thickness of tin can be exactly controlled.

War Production Board has asked blast furnace operators to schedule their relining work for 1942 to the end that plans may be made to avoid too many stacks being idle at the same time, which would interfere with supply and increase difficulties of allocating tonnage. Distribution under allocations has been working smoothly for several months and every effort is being made to keep production as steady as possible.

Office of Price Administration has issued further revisions in the scrap schedule to eliminate difficulties that have arisen in interpretation. Better definition of unprepared scrap is given and a differential established for hydraulic bundles containing tin-coated material, according to the percentage of the latter. Regulations governing preparation of remote scrap, delivery by motor and the ceiling of heavy melting steel in the Boston switching district are slightly changed.

Scrap supply has not improved materially and return of winter weather in northern districts has hampered collection and preparation. Various campaigns to uncover dormant supplies have not yet made appreciable headway and such as has been brought out has been absorbed quickly. Automobile wrecking yards are beginning to move their material but not sufficient has been shipped to relieve the situation.

Composite prices continue at the level of several months: Finished steel \$56.73, semifinished steel \$36, steelmaking pig iron \$23.05 and steelmaking scrap \$19.17.

**Anthracite Shipments—January, 1942**

Shipments of anthracite for the month of January, 1942, as reported to the Anthracite Institute, amounted to 3,751,707 net tons. This is an increase, as compared with shipments during the preceding month of December, of 385,596 net tons, or 11.5%, and when compared with January, 1941, shows a decrease of 458,449 net tons, or 10.9%.

Shipments by originating carriers (in net tons) were reported as follows:

Month of—	Jan. 1942	Dec. 1941	Jan. 1941	Dec. 1940
Reading Co.	918,922	823,028	980,626	878,812
Lehigh Valley RR.	738,117	578,603	778,048	701,173
Central RR. of New Jersey	334,460	319,621	413,710	376,823
Delaware Lackawanna & Western RR.	441,586	454,506	574,782	530,525
Delaware & Hudson RR. Corp.	319,204	269,759	377,128	316,878
Pennsylvania RR.	414,047	379,961	422,816	396,443
Erle RR.	314,954	289,764	350,721	328,342
New York Ontario & Western Ry.	78,452	67,915	98,050	90,833
Lehigh & New England RR.	191,965	183,494	214,275	164,964
<b>Total</b>	<b>3,751,707</b>	<b>3,366,111</b>	<b>4,210,156</b>	<b>3,784,798</b>



Nov. Statistics For Electric Lt. & Pr. Industry

Electrical research statistics for the month of November, 1941, and 1940, covering 100% of the electric light and power industry, as released on Feb. 3 by the Edison Electric Institute, follow:

Table with columns for SOURCE AND DISPOSAL OF ENERGY, CLASSIFICATION OF SALES, RESIDENTIAL OR DOMESTIC SERVICE (Revised Series), and Average Customer Data. Rows include Generation (net), By fuel burning plants, By water power plants, Total generation, Add-Net imports over intern. boundaries, Less-Company use, Less-Energy used by producer, Net energy for distribution, Losses and unaccounted for, Sales to ultimate customers, etc.

Daily Average Natural Gasoline Output Off in December-1941 Production 15% Higher

The daily average production of natural gasoline and recycle condensate decreased in December, 1941, according to reports received by the Bureau of Mines, U. S. Department of the Interior. The daily average in December was 8,240,000 gallons compared with 8,392,000 gallons in November. The total production for the year 1941 was 2,696,568,000 gallons, or 15% more than the 1940 production of 2,339,400,000 gallons. Stocks continued to decrease, amounting to 179,550,000 gallons on Dec. 31 compared with 191,394,000 gallons on Nov. 30 and 239,568,000 on hand Dec. 31, 1940.

PRODUCTION AND STOCKS OF NATURAL GASOLINE (Thousands of Gallons)

Table showing Production and Stocks of Natural Gasoline. Columns include Dec. 1941, Nov. 1941, Jan. 1941, Dec. 1940, Nov. 1940, Jan. 1940, and Stocks. Rows list regions like East Coast, Appalachian, Ill., Mich., Ky., Oklahoma, Kansas, Texas, Louisiana, Arkansas, Rocky Mountain, California, and a Total.

January Department Store Sales

The Board of Governors of the Federal Reserve System announced on Feb. 13 that in January value of sales at department stores showed a much smaller decline than is usual after the Christmas season and the Board's adjusted index rose to 138% of the 1923-25 average as compared with 111 in December and a previous peak of 134 last August.

Table showing Index of Department Store Sales (1923-25 Average=100) and Weekly Index, Without Seasonal Adjustment, 1935-39=100. Rows include Adjusted for seasonal variation, Without seasonal adjustment, Federal Reserve District, Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, San Francisco, U. S. total, and Weekly Index for 1942 and 1941.

Market Value Of Stocks On N. Y. Curb Declined In 1941 But Bonds Show Gain

The total market value of stocks on the New York Curb Exchange declined during 1941 while the total market value of the bonds showed a gain, according to the Exchange's compilation issued Jan. 23. The Exchange states:

The number of stock issues, both listed and unlisted, declined from 1,059 to 1,018. The total market value of the outstanding shares in these issues declined from \$3,612,037,861 to \$7,354,311,836, a drop of 14.6% while the average price per share fell from \$12.73 to \$11.01, a decline of 13.5%.

Total number of bond issues declined from 280 to 245 although the total amount outstanding declined less than half of 1%, from \$3,406,723,843 to \$3,390,594,608. At the same time, however, a rise in the average price per bond from \$89.35 at the end of 1940 to \$90.36 at the end of 1941 boosted the total market value from \$3,043,744,446 to \$3,063,680,850.

It was notable that, although the number of listed bond issues remained exactly the same, the amount outstanding rose from \$290,874,435 to \$403,683,160, a gain of 38.8% while the market value rose from \$269,183,750 to \$378,725,878, a gain of 40.7%.

Table titled NEW YORK CURB EXCHANGE [Market Value of Securities as of Dec. 31, 1940 and 1941]. It lists Stocks (Listed, Unlisted, All Stocks) and Bonds (Listed, Unlisted, All Bonds) with columns for Number of issues, Amount outstanding, Total market value, and Average price per share.

The London Stock Exchange

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

Table showing London Stock Exchange quotations for representative stocks from Saturday Feb. 7 to Friday Feb. 13. Stocks listed include Boots Pure Drugs, British Amer. Tobacco, Cable & Wire, Central Min. & Invest., Cons. Goldfields of S. A., Courtaulds (S.) & Co., De Beers, Distillers Co., Electric & Musical Ind., Ford Ltd., Hudsons Bay Company, Imp. Tob. of G. B. & I., London Midland Ry., Metal Box, Rand Mines, Rio Tinto, Rolls Royce, Shell Transport, United Molasses, Vickers, West Witwatersrand, and Areas.

English Financial Market--Per Cable

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

Table showing English Financial Market quotations for securities like Silver, Gold, Consols, British 3 1/2% W. L., British 4% 1960-90, Bar N. Y. (Foreign), and U. S. Treasury (newly-mined) from Saturday to Friday.

FDR Opposes Poll Taxes, Defends FSA Loans Policy

President Roosevelt declared on Feb. 13 that he always had been opposed to a poll tax and added that the Farm Security Administration had not been paying any such taxes. At his press conference, on that day the President said that FSA tenants have a budget which includes every necessity of life—food, clothing, a bed to sleep in and taxes of all kinds.

These budgets, he said, allow the tenants to put down an item for a poll tax. At a press conference on Feb. 10 the President was told that C. B. Baldwin, FSA Administrator, had admitted before a joint congressional committee on non-essential expenditures that the FSA had paid poll taxes in Alabama.

In further reporting on the matter Associated Press Washington advices on Feb. 13, said:

That, Mr. Roosevelt said, was not a statement of fact, and he declared that an erroneous premise had been established both on Capitol Hill and at his Tuesday's (Feb. 10) press conference. At that conference he said that he did not think that the FSA should pay poll taxes and at the same time he described the agency as extremely essential to the whole food situation for the war's duration.

Last Friday Mr. Baldwin told the committee that he regarded as a "perfectly proper thing" the FSA's practice of classing poll taxes, along with other taxes, as an allowable expenditure in determining the amount of a rehabilitation loan.

Mr. Roosevelt answered in the affirmative a question as to whether he thought the poll tax in the South had in some instances kept poor people from voting and he said he thought that was a bad idea. He said that he had been opposed to a poll tax all his life.

He quoted from an editorial in the Montgomery (Ala.) "Journal," which asked why there was all the furor about an individual using money lent by the FSA to pay a poll tax when it was permissible to obtain from a bank a loan to meet taxes. The editorial said that the FSA was the only bank a lot of farmers had.

The President cited the editorial in response to a question whether he thought the poll tax was sound. The type of mind of some persons who have been discussing the poll-tax issue, he said, is like that of those who he said were thrilled seven or eight years ago when there was a drive on to prevent people on WPA from voting. Why, he said, there were cheers and yells from people of that type of mind.

Heads Greater N. Y. Fund

John W. Hanes, former Under Secretary of the Treasury, has assumed the chairmanship of the fifth annual drive of the Greater New York Fund to raise money from business firms and their employee groups to help support 400 private welfare and health organizations. Mr. Hanes will be assisted in heading the drive by Harold A. Talbot, a Director of the Chrysler Corporation, as Vice-Chairman.

In accepting the chairmanship of the Fund's 1942 campaign, Mr. Hanes succeeds James A. Farley, former Postmaster General, who led the drive in 1941. The new chairman issued a call from Fund headquarters, 52 Wall Street, for the same energetic cooperation that brought more contributions to the Fund last year under Mr. Farley than at any time in its history. "Total war means total defense, and total defense must include continued support of the agencies whose work is woven into the very lives of all of us," Mr. Hanes said.



1941 Hotel Sales Advanced 9% Over 1940

The February issue of "The Horwath Hotel Accountant," monthly bulletin published by Horwath & Horwath, New York public accountants, states that hotel sales in the United States, as represented by the several hundred hotels from all over the country which furnish their figures, increased 9% in 1941 over 1940; in 1940 the increase over the year before was 4%. The peak came in July, with a total average gain of 14%. The bulletin further reports:

Room sales had a total gain of 8% for the year, the largest improvement for a month being 12% in August. For hotel restaurants the business as a whole ran 10% above that of 1940, July leading among the twelve months with an increase of 17%.

The total average room rate was up only 3% in 1941 over 1940 and the biggest gain during the year was 5%, attained in three months, August, September and October.

The total average occupancy for 1941 was 67%, while one month had 71%, one 70% and five, 69.

Comparisons with other years are made, in our table, by index numbers, with 1929 as 100. On that basis the total sales in 1941 were 93, the highest in the 12 years since 1929, the next highest being 90 in 1930. The record low came in 1933 with 51. The 1940 index was 85.

For room sales the 1941 index was 82, which is decidedly the highest since 1930, with 91. Restaurant sales were 105 against the 100 of 1929. The nearest to this in the 12 years was 96 in 1940.

In December, the Horwath bulletin also reports, the steady improvement in hotel business throughout 1941 was maintained in all departments. It adds:

The total sales increased 9% over the same month of 1940, the average sale per occupied room was up 4% while the occupancy advanced 4 points and at 61% is the highest for the month of December since 1929.

DECEMBER, 1941, COMPARED WITH DECEMBER, 1940

Table with columns: Sales, Increase or Decrease, Occupancy Rate, and various city categories like New York City, Chicago, Philadelphia, etc.

†The term "rates" wherever used refers to the average sales per occupied room and not to scheduled rates. \*Rooms and restaurant only.

January Output And Shipments Of Slab Zinc

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

Table titled 'TOTAL SLAB ZINC SMELTER OUTPUT (ALL GRADES) 1929-1941' with columns for Stock at Beginning, Production, Shipments, and Stock End of Period.

Note—Commencing with January 1940, production from foreign ores is included in the monthly figures which reflect the total output at smelters of Slab Zinc of all grades, as reported by all producers represented in the membership of the Institute.

1941 Building Permit Valuations 5% Above 1940; December Activity Down

Gains in the early part of the year pushed 1941 building permit valuations 5% ahead of 1940, Secretary of Labor Frances Perkins reported on Jan. 31. "The increase was caused by a gain of 13% in indicated expenditures for new residential buildings and of 8% in permit valuations for additions, alterations and repairs to existing buildings.

December was the third consecutive month in which permit valuations dropped below the corresponding month of 1940. The December decrease was largely brought about by a decline of 47% in indicated expenditures for new non-residential build-

ings. Permit valuations for new residential buildings showed a decline of 26%, while additions, alterations and repairs showed a gain of 8%. In making the comparison of December, 1941 with the corresponding month of 1940, it should be recalled that new non-residential permit valuations in the latter month were higher than in any month since the middle of 1930, except October, 1940.

As compared with November, December permit valuations showed a gain of 0.5 of 1%, caused wholly by an increase of 41% in the value of estimated costs of new non-residential buildings. Over the month period there was a decline of 23% in permit valuations for new residential buildings, and of 2% for additions, alterations and repairs.

The Bureau's tabulations include contracts awarded by Federal and State Governments in addition to private and municipal construction. For December, 1941, Federal and State construction in the 2,006 reporting cities totaled \$35,651,000; for November, 1941, \$32,114,000, and for December, 1940, \$87,691,000.

Comparisons in permit valuations in reporting cities for the years 1940 and 1941 are shown in the following table:

Table showing 'Change from 1940 to 1941' for Class of Construction: All Cities vs Excluding N. Y. City.

Changes in permit valuations in the 2,006 reporting cities between December, 1941, December, 1940 and November, 1941 are summarized below:

Table showing 'Change from Dec., 1940, to Dec., 1941' for Class of Construction: All Cities vs Excluding N. Y. City.

Table showing 'Change from Nov., 1941, to Dec., 1941' for Class of Construction: All Cities vs Excluding N. Y. City.

New housekeeping dwellings for which permits were issued in the 2,006 reporting cities in December, 1941, will provide 17,061 dwelling units, which is 30% fewer than the 24,240 dwelling units reported in November and 34% less than the number provided in December, 1940.

Principal centers of various types of building construction for which permits were issued or contracts were awarded in December 1941 were: East Paterson, N. J., factories to cost \$652,000; New York City—Borough of Brooklyn, 2-family dwellings to cost \$536,000, multifamily dwellings to cost \$540,000 and public works and utilities to cost \$408,000; Utica, N. Y., a school to cost \$350,000; Cleveland, Ohio 1-family dwellings to cost \$544,000; Philadelphia, Pa., public buildings to cost \$425,000, public works and utilities to cost \$416,000 and 1-family dwellings to cost \$730,000; Williamsport, Pa., factories to cost \$700,000; Chicago, Ill., 1-family dwellings to cost \$1,757,000; Detroit, Mich., 1-family dwellings to cost \$1,500,000; Cincinnati, Ohio, factories to cost \$350,000; Cleveland, Ohio 1-family dwellings to cost \$544,000; Columbus, Ohio, 1-family dwellings to cost \$773,000; Waterloo, Iowa, factories to cost \$758,000; Mankato, Minn., a factory to cost \$590,000; Washington, D. C., 1-family dwellings to cost \$519,000, multifamily dwellings to cost \$366,000, hotels to cost \$5,140,000 and public buildings to cost \$3,291,000; Baltimore, Md., 1-family dwellings to cost \$470,000 and factories to cost \$812,000; Arlington County, Va., 1-family dwellings to cost \$426,000; Houston, Tex., 1-family dwellings to cost \$818,000; Wichita Falls, Tex., 1-family dwellings to cost \$745,000; Denver, Colo., 1-family dwellings to cost \$355,000; Los Angeles, Calif., 1-family dwellings to cost \$2,144,000; multifamily dwellings to cost \$992,000 and public works and utilities to cost \$995,000; Sacramento, Calif., 1-family dwellings to cost \$446,000; San Diego, Calif., 1-family dwellings to cost \$355,000, public works and utilities to cost \$705,000 and public buildings to cost \$863,000; and Seattle, Wash., 1-family dwellings to cost \$606,000.

Contracts were awarded during December for the following publicly financed housing projects containing the indicated number of dwelling units: Clairton, Pa., \$555,000 for 148 units; Cleveland, Ohio, \$4,943,000 for 1,287 units; St. Charles, Mo., \$246,000 for 60 units; Albany, Ga., \$284,000 for 96 units; Augusta, Ga., \$286,000 for 88 units; Alexandria, Va., \$470,000 for 120 units; Norfolk, Va., \$41,000 for 12 units; Las Vegas, Nev., \$440,000 for 125 units; Los Angeles, Calif., \$845,000 for 314 units; and San Diego, Calif., \$7,000 for 2 units.

SUMMARY OF BUILDING CONSTRUCTION FOR WHICH PERMITS WERE ISSUED IN 2,006 CITIES BY GEOGRAPHICAL DIVISION, DECEMBER, 1941

Table with columns: Geographic Division, No. of Cities Reporting, Permit Valuation, % Change from Nov., Dec., 1941, and Total Building Construction.

Supreme Court Ruling On Tax Deductions

According to a ruling of the United States Supreme Court on Feb. 2 reorganized companies may take advantage of the reorganization clauses of the Federal income tax laws for the purpose of lessening their taxes only when stockholders of the old company continue their interest in the new company. This is learned from advices to the New York "Journal of Commerce" from its Washington bureau Feb. 2, which also had the following to say:

This principle of law was laid down by the Court in unanimous decisions written by Associate Justice Douglas in four cases growing out of appeals from conflicting lower Court rulings on whether companies could use the asset value of the old company in computing income taxes for the reorganized companies.

The governing decision appeared to be the case of Helvering vs. Alabama Asphaltic Limestone Co. in which the Court upheld the decision of the Circuit Court and Tax Appeals Board that the company was entitled to compute its depreciation and depletion for income tax purposes on the basis of the asset value of the predecessor company, Alabama Rock Asphalt, Inc.

In this case the bankrupt corporation's assets amounting to \$155,000 were offered for sale at public auction and were bid in by the creditor's committee for \$15,000 in cash and by agreements of creditors to accept the stock of a new corporation in full discharge of their claims, and by an offer of the creditor's committee to meet various costs of administration.

Thereafter a company was formed which acquired all the assets of the bankrupt corporation.

The Court said that it did not appear whether the acquisition was directly from the old corporation on assignment of the bid or from the committee. But pursuant to the plan the new company issued its stock to the creditors of the old corporation which accounted for 95% of the note holders. Non-assenting creditors were paid in cash. Operations were not interrupted by the reorganization and were subsequently carried on by substantially the same persons as before.

The Court held that there were no other considerations which prevented this company from qualifying as a reorganization within the meaning of the Revenue Act. The Court also held that although the properties acquired by the new corporation belonged at the time of the acquisition to the creditor's committee and not to the whole corporation, the separate steps were integrated parts of a single scheme and for this reason constituted a reorganization.

The other three cases decided in conformity with this decision were Helvering vs. Southwest Consolidated Corporation; Bondholders Committee, Marlborough Investment Co. vs. Commissioner of Internal Revenue and Palm Springs Holding Corporation vs. Commissioner of Internal Revenue.

Moody's Daily Commodity Index

Table showing commodity prices for Tuesday, Feb. 10 through Saturday, Feb. 14, including items like Wheat, Cotton, and various oils.



## Foreign Front

(Continued from First Page)  
naval base, upon which Britain lavished \$400,000,000 in recent decades, can only be compared to the fall of France in its effect upon the United Nations, and it may well be more significant in the long run.

No effort was made by Mr. Churchill to disguise the seriousness of the defeat at Singapore. "Other dangers gather about us elsewhere and none of the dangers which we have hitherto successfully withstood at home and in the East are in any way diminished," he said. The Prime Minister called upon his countrymen everywhere to display calm and poise in the hour of grim defeat, and to "draw from the heart of misfortune the vital impulses of victory."

Mr. Churchill made no attempt to depict the last terrible hours of the 60,000 defenders of Singapore and the close to 1,000,000 civilians there, of whom about 100,000 were Europeans. Dispatches from the island and from those who managed to flee to Batavia and elsewhere made it quite clear, however, that a last ditch defense against overwhelming odds was maintained to the last. Only when water, food, munitions and other supplies were at an end was the vast base surrendered.

Driving in ever greater numbers across Johore Strait, which they first crossed on Feb. 8, the Japanese advanced with breathless speed and heedless of losses. They effected their landing in the Western marshes of the island, and were exceedingly well equipped for the effort. Indeed, one of the major mysteries of the great Malayan campaign is the ability of the Japanese to transport to the front the enormous stores needed for their victory. Even steel-lined boats were used by the invaders, as they crossed Johore Strait in the face of machine gun fire.

Foot by foot the Japanese advanced from the soggy swamps which the defenders apparently regarded as an ample defense in themselves. The advance swept over rubber plantations on the higher ground, and overwhelmed airdromes and finally the rain catchments which supply Singapore City with water. The naval base was quickly overrun, but not before a vigorous scorched-earth policy made all the installations useless. Pressing their furious assault the enemy managed to move into the environs of Singapore by last Saturday, and from that point on the only anxious question was when Singapore would capitulate.

Absolute control of the air gave the Japanese the enormous advantage in the battle for Singapore which on previous occasions made Axis victories possible. Dive-bombers screamed overhead and blasted the defenders at every key point. Again and again, according to eyewitnesses, the prayer went up from the ranks of the British Empire units for aerial support. Only a few old airplanes still were possessed by the defenders, and these were sent into suicidal action against the vastly superior Japanese air forces. With their airplanes blasting the way, the Japanese land troops came on and ever on, and heavy artillery fire also harassed the defenders. In the end much of the city was ablaze, and oil stores over all of the island were burning.

Some civilians and possibly a few special detachments of soldiers were evacuated from Singapore before the final capitulation. Accounts differ on this point, and it may be weeks or even years before the full details are known. When defense no longer was possible, early last Sunday, the Brit-

ish commander sent emissaries to the Japanese and in the course of a few hours the capitulation was arranged. Singapore surrendered unconditionally. Tokio accounts state that some 30 small British warships were sunk or heavily damaged in the action, and several transports also went down. Australian sources confirmed this, in part, for it appears that about 1,300 troops were rescued by an Australian warship from a blazing transport.

That the loss of Singapore is an extraordinarily heavy blow to the British Empire, and to each and every one of the other United Nations, is universally conceded. The vast naval base not only was the impressive reflection of British naval strength, but also had enormous symbolic significance in the Far East. There are certain to be prodigious repercussions of the Japanese capture of the bastion.

Already it appears that the Japanese are making use of the Straits of Malacca, which now fall to their control. Singapore was the control point for the easiest passage from the Indian into the Pacific Ocean. Japanese submarines are reported operating in the Indian Ocean, with a view toward cutting the sea approach to the Rangoon terminus of the Burma Road, and surface ships of the Japanese Navy doubtless will appear off Indian ports. The whole strategy of the World War plainly requires recasting, in the light of the drastic defeat at Singapore, and the Churchill regime in London was shaken to its foundations by the event.

### Burma-China-India

Now that Singapore has fallen, the Japanese plainly will be able to utilize additional troops for the drive into Burma, which this week moved speedily despite a stern defense by the British Empire units. The crossing of the Salween River, effected by the enemy ten days ago, has made possible a sizable infiltration into areas ever nearer the Burma Road supply line for China and the port of Rangoon, which is the entry point for that route. The fate of all of Eastern Asia, and possibly even of India, may be determined by the fighting in Burma.

Unlike other areas of combat, the Burma zone appears to offer a fairly even matching of United Nations and Japanese aerial strength. Numerous reports indicate that volunteer American fliers, along with regulars of the British Air Force, are keeping the Japanese from undisputed control of the air. Some of the American fliers are, indeed, extremely truculent, for they are reported to have demanded this week both more airplanes and more Japanese.

The ground fighting is less advantageous for the defenders than the aerial combats, for Japanese troops methodically moved forward against the Paan and Thaton region, which they now admittedly control. The enemy was said in British communiques yesterday to be less than 75 miles from Rangoon, and an even shorter distance from the nearest point on the Burma Road supply line. The aggressors plainly aim to traverse by land the small distance which still separates them from Rangoon, and the prospects may be indicated by an extensive evacuation of civilians from the port area of Rangoon.

After the fall of Singapore, official Japanese spokesmen in Tokio claimed that they are now able to determine the destiny of India and Australia, as well as all lands between. No secret was made of the Japanese intention to move against British control of India, and the cry of "Asia for the Asiatics"

was sounded again and again, with the obvious intention of gaining native support. It is now conceded that the Japanese were aided mightily in Malaya by "fifth columns" and informed observers everywhere confess to nervousness regarding the next phase of the vast contest on the Asian Continent.

If the Japanese succeed in cutting the Burma Road a secondary line may possibly become available from India, but there is little definite information available regarding that route. Meanwhile, long conversations were reported this week between the Indian leaders and Chinese Generalissimo Chiang Kai-shek, who took the unusual step for the Orient of journeying to New Delhi for the discussions. According to British sources, Chiang Kai-shek endeavored to persuade the various Indian factions to put their full weight behind the British units in this war. The London Government offered India participation in the War Council, last Thursday, but the promise of independence within the British Commonwealth, which the Indian leaders desire, still was not forthcoming. Some doubt exists, accordingly, as to the outcome of the current crisis in British-Indian relations, and the question of supplies for China also is involved.

### Pacific Isles

Against the vast chain of Pacific islands known as the Malay Barrier the Japanese aggressors continued their advances this week, with the citadel of Java the apparent immediate aim of the tremendous military operations. The conquest of Singapore facilitates the activities of the Japanese in more southward regions, quite as it does in Burma. The gravity of the position is well recognized in the Netherlands East Indies, and in Australia and New Zealand, as urgent requests were made in all these areas for reinforcements and for more airplanes.

That the Japanese fully intend to push southward over the entire region of the Pacific Islands, including Australia and New Zealand, was indicated on Monday by Premier Hideki Tojo. The Diet in Tokio was assembled to hear an account of the capture of Singapore, an event which the Japanese celebrated by parades and other demonstrations. In the course of his address before the Japanese Parliament, General Tojo declared that the cooperation of the Chinese, Burmese and Indian peoples is desired by the Tokio authorities, who have every intention of "crushing" the Netherlands forces, and of proceeding against Australia and New Zealand unless those countries come to a "real understanding of Japanese intentions."

That the Netherlands East Indies fully understand the Japanese aims was made plain by bitter opposition to the aggressors. With amazing celerity the Japanese followed their occupation of Singapore by embarking last Sunday upon an expedition against the huge island of Sumatra, just across the Malacca Straits from the former British base. Parachute troops in considerable numbers were dropped at Palembang, with the evident intention of preventing destruction of the great oil refineries there situated. In this the Japanese failed, for the troops were rounded up and shot, while the oil installations were systematically destroyed.

The parachute invasion was rapidly followed by appearance of an armada off the coast of Sumatra and Japanese troops began to filter inland toward Palembang. Heavy aerial attacks on the Japanese ships were made by Dutch and other fliers of the

United Nations, and serious damage to many of the enemy vessels was indicated. But the Japanese were not to be halted by such losses. They advanced steadily up the jungle rivers and Palembang admittedly fell to the Japanese on Monday.

With this advance the Japanese also captured important airdromes on Sumatra and also the railhead of a line running to the 25-mile wide Sunda Strait which separates Sumatra from Java. The Japanese thus achieved positions only an hour's bomber flight from Batavia, capital of the Netherlands East Indies, which was bombed heavily on several occasions. They also added to their conquests on Borneo and Celebes Islands, and attacked several smaller island groups near Java. Aerial blasts by the United Nations against the Japanese ships hampered, but apparently did not halt, the invaders.

Although the threat to Java now is undeniable, some comfort was taken from reports of sizable reinforcements from the United States and Australia. No information was available as to the extent of the reinforcements, since this is a military secret, but the Netherlands authorities were greatly cheered, and it is to be hoped that the fresh forces are adequate and are equipped with numbers of airplanes, above all else. The naval command in the South Pacific passed last week to the Dutch Vice-Admiral, C. E. L. Helfrich, after a request by our own Admiral, Thomas C. Hart, for retirement due to ill health.

Australia and New Zealand girded for defense, as the Japanese continued their southward invasion. All manpower was called to the defense of Australia, which assuredly will be held by the United Nations as the base for the eventual attack against the Japanese, if Java falls. The lifeline of ocean supplies for Australia and New Zealand will be kept open with equal determination, it is indicated.

### Philippines Defense

Little change seems to occur from day to day in the stout defense being made by General Douglas MacArthur and his valiant band against vastly superior numbers of Japanese troops. The American forces are subject, however, to continual attrition and it is well known that the enemy continues to bring reinforcements to Bataan Peninsula, with a view to quick termination of the unequal battle. Reinforcements, moreover, can hardly reach the Philippines in anything like adequate amounts, since the Japanese control both the sea and the air around the islands. Prospects, accordingly, are not bright for the defenders.

Exceptionally heavy aerial and artillery assaults on MacArthur's positions were reported early this week, which possibly presages an all-out attack by the reckless invaders. Every effort is being made by the Japanese to attract fifth-columnists from among the native Filipinos. Leaflets are dropped periodically in which the Filipinos are urged to come over to the side of their "dear brethren," the Japanese. Such appeals are said in official reports to be utterly devoid of results. Some of the islands south of Luzon were reported over the last week-end to have fallen to the Japanese, which suggests that the defense of the island group as a whole rests with the small band at Bataan and the Manila Bay fortresses.

With surprising tardiness, information was made available in Washington, last Thursday, of heavy losses suffered by the Japanese in the Jan. 31 raid by American naval units on islands of the Gilbert and Marshall group, south of Midway. Colorful

accounts were given of attacks in which the Japanese were said to have lost a light cruiser, a large converted aircraft carrier, a destroyer, two submarines, at least eleven tankers and other supply ships, and many airplanes. Tokio radio reports scoffed at the claims and asserted that ships allegedly sunk will be found very much alive in future operations.

The reports of the raid were circumstantial and well documented, and the question of veracity need not be raised, beyond observational problems. There remains, however, the curious aspect of long delay in informing the public of results of an action which, in essence, was made known immediately after it occurred. No explanation has been vouchsafed, but the incident has added greatly to the clamor for speedier and more adequate war reports.

### Battle of the Atlantic

Along with most other aspects of the World War, the Battle of the Atlantic appeared this week to be going decidedly against the United Nations, and especially against the United States. Increased sinkings were indicated in European waters, where German and Italian submarines recently have been inactive. But in our own waters the sinkings have continued on a rather heavy scale, despite occasional intimations by Washington officials that German submarines are being sunk in numbers.

With accustomed Nazi daring, submarine attacks were made Monday on numerous tankers in the Caribbean and on the island of Aruba, where the world's largest oil refinery is located. Penetration of the submarines into the Gulf of Mexico is a serious enough matter, but the shelling of Aruba, where American effectives were landed last week, is even more disconcerting. The shelling did no damage worthy of mention, it seems, but some seven to ten tankers were sunk or damaged. Most of these ships were small and the tonnage lost is not vast. But the flow of oil to Aruba was modified, which is a vitally important war consideration.

Counter-measures against the German submarines were instituted promptly and one aerial attack was confidently said to have resulted in the sinking of an enemy U-boat. That the attacking submarines were of German nationality was indicated by the beaching on Aruba of a torpedo which was determined to be of German manufacture. As this supposed 'dud' was being examined it exploded, killing four Netherlands.

This attack is the first made on any land in the Western Hemisphere by Axis forces. It occasioned grave apprehensions in Latin-America of fresh moves that might turn out to be invasion attempts. Meanwhile, the German submarines roaming our Atlantic Coast sank additional ships. The extent of the sinkings, however, appears to be a closely guarded official secret.

### Churchill Reports

Deep unrest and uncertainty prevails in the United Kingdom, owing to the fall of Singapore and various war developments which are unfavorable to the British cause, and Prime Minister Winston Churchill found it expedient to make one of his periodical radio reports on the war, in these circumstances. The British leader spoke earnestly and with characteristic bluntness, last Sunday, and his forthright comments were much appreciated in the United States, as well as in Great Britain. The Churchill Cabinet nevertheless appears to face a serious test in the House of Commons.

Adding to the disabilities



facing Mr. Churchill were daring runs from the French port of Brest, through the English Channel, by the German battleships Scharnhorst and Gneisenau, and the Nazi cruiser Prince Eugen. For the first time in more than a century, enemy craft made the passage under the very guns of the British and the "escape" of the German vessels disconcerted most Britons almost as much as did the fall of Singapore. Pride in the prowess of the British Navy was sorely hit by the daring German action.

There were some highly important extenuating circumstances in the German ship movements, as well as some disagreeable ones. The great German warships moved out of Brest under cover of darkness and a heavy layer of fog and snow. Visibility was poor throughout, and it was not until late the following morning, or on Feb. 12, that the vessels were sighted speeding toward the narrowest part of the Channel, with a protecting screen of destroyers, mine-sweepers and other craft. British forces immediately went into action, but the extent of any damage inflicted on the warships remain uncertain, while the fact that they arrived in German ports is firmly established.

Heavy aerial attacks were made by British fliers on the three German ships, as they speed through the Channel, and late in the day British destroyers made daring close-range attacks with guns and torpedoes. But the German threw an "umbrella" of enormous air-power over the ships, and the superior fire of the enemy vessels kept the British destroyers at some distance. The Germans got through and claimed that 43 British airplanes were downed in the fight, and that a British destroyer was sunk. The Nazis admitted the loss only of seven airplanes and the sinking of a patrol vessel. London reported 42 British airplanes downed and conceded damage by fire to a destroyer, while denying that any sinkings occurred.

When Prime Minister Churchill went on the air, last Sunday, it was expected that he would report fully both on Singapore and the run of the German ships through the Channel. He ignored the latter incident entirely, however, and devoted his superb oratorical gifts to a general survey of the war, as it had developed since his last previous summation in August, 1941. The entry of the United States into the conflict was depicted by the Prime Minister as the overwhelming circumstance with which, he said, none other could compare. Also on the favorable side is the thrust of the Russian armies against the Germans, he said.

Mr. Churchill made no attempt to minimize the importance of the Japanese attack, although he admitted that the Tokio move was unexpected. The possibility that Japan might attack always had been kept in mind, and every effort was made to prevent deterioration of relations, the Prime Minister indicated. Eventually, he predicted, the Japanese action will appear to be a mad one.

Turning, in the end, to the momentous defeat at Singapore, Mr. Churchill called upon his countrymen to show their quality and genius and to accept the reverse with dignity and with renewed acceptance of strength. Only one fault and crime can rob the United Nations and the British people of victory, he declared, and that is a weakening of purpose and of unity. He held it the duty of all to support the national executive government and to make sure that the misfortunes and mistakes of war are not exploited against them.

When the House of Com-

mons met on Tuesday, it was instantly made manifest that the Churchill speech was not considered adequate to the occasion. The storm of criticism was accepted calmly, however, by the British Prime Minister. He maintained that the German warships suffered much damage and would be out of action at least until adequate British and American naval forces were assembled to meet any threat of a combined German battle squadron. An inquiry will be made, he said, to determine responsibility for the poor British showing, and a formal debate was promised in coming days on war policy. Indications also were given that some minor Cabinet changes may be made, but Mr. Churchill firmly declined to give up the post of Defense Minister, which he holds along with the office of Prime Minister.

#### Mediterranean

British Empire and Axis forces in the Libyan desert traded relatively light blows this week, but it was realized that the skirmishing fails to reflect the growing importance of the Mediterranean theater of war. Vast preparations by the Axis are believed in progress, with a view to attacks on Egypt and the Suez Canal, and possibly against Gibraltar. A further drive eastward through or around Turkey was held a possibility in some military circles, and even an attempt by the Germans and Japanese to effect a junction in the Indian Ocean was not ruled out.

Nothing better illustrates the scope of the current war than the conjectures as to coming events in the Mediterranean region, and the preparations being made to meet the various contingencies. The German General, Edwin Rommel, is said to have the upper hand in Libya, where the British were beaten back quite as rapidly as they progress toward Tripoli. The next moves of Rommel probably will supply the clue to Axis intentions, but Rommel may not be able to move until the Russian battle clarifies.

While the British and Axis forces watched each other, some forty miles west of Tobruk, the Axis strained every nerve to increase the supplies available to Rommel. Heavy transport convoys were noted moving from Italy to Northern African bases, and British aerial and naval units took their toll of such ships. The Germans claimed heavy damage to a British convoy which they said was moving from Alexandria toward the badly battered base at Malta. The shattering aerial hammering of Malta was unabated all week.

That fresh problems may face the United Nations soon was indicated, meanwhile, by long conversations at Madrid between Spanish and Portuguese officials and military authorities. The Spanish dictator, General Francisco Franco, openly sympathizes with the Axis, and often has threatened moves to regain Gibraltar for Spain. What the Portuguese reaction may be to the current Axis pressure is not clear. Turkey also is said to be once again a center of diplomatic pressure and intrigue.

#### Russo-German Front

Fierce fighting was admitted by both sides to be in progress this week on the extensive Russo-German battle front, but accounts differed sharply as to the consequences of the engagements. That the Russians still have the upper hand and are driving the Germans slowly back is suggested, however, by continuance of the icy weather which favors the Russians and their cavalry, while bringing the mechanized units of

the Reichswehr to a standstill. German reserves are reported to have been thrown into the Russian front in numbers, to stem the Russian advance.

Although the Russians claim important gains, Moscow has resorted more and more in recent days to vagueness. Important but unnamed places in unspecified sectors are reported recaptured. Even some German statements lend color to the Russian claims, however, for deep penetration of the most advanced German lines is acknowledged, according to London. The fact seems to be that the front is fluid and that guerrilla fighting is augmenting the Russian effort in back of the German lines.

Undue optimism as to the Russian position seems unwarranted at this stage of the battle, for Leningrad and Sevastopol at the two extremes of the Russo-German front remain under siege by the Nazis, while Kharkov still is in German hands despite many Russian assertions that this key city of the Donets Basin is about to be regained. Moreover, much of February now has passed into history and the mud of the coming spring is expected by all military observers to bring operations to a virtual halt. Thereafter, the Germans well may regain the initiative, unless some terrible defeat can be administered to the Axis in the meanwhile.

### From Washington

(Continued from First Page)

off the Government payroll by providing in a particular appropriation that none of the money could be used to pay their salaries. In some instances their title has simply been changed, in others, the money taken from other appropriations to pay them with.

The current outburst against the President in Congress will not last long. The members will soon come to realize that they might as well bay at the moon.

Aside from the President's attitude, his claquers, reflecting his mind, hold that the criticism is primarily motivated by those who are against the President's "social objectives," those who want to use the war to "destroy labor's social gains." More important than the fact they hold this view is that they are prepared to pursue this kind of attack against their critics. A revival of the smearing tactics against these critics is on in full swing.

A shining example is the case of Edward A. O'Neal, President of the American Farm Bureau, who blasted the Farm Security Administration recently, declared it to be an outrageous racket. O'Neal ought to know because he has been in the midst of the whole New Deal regimentation of the farmers. He and Henry Wallace were as thick as two peas in a pod, worked hand in glove together to build up the gigantic agriculture political machine.

Now that they have fallen out, or rather, that O'Neal and the New Deal have fallen out, the New Dealers countered his charges with those that he has operated the check-off system among his membership, that money for their dues in the bureau, were taken out of benefit payments. The Department of Agriculture had to be a party to this, of course.

It was not without significance that Mr. Roosevelt gleefully told newspapermen at a press conference that by paying a small sum he could qualify to receive \$37,500 a year after his retirement from the Presidency, under the highly controversial pension bill which Congress recently enacted. Yet Mr. Roosevelt had signed the bill after at least two Senators had written him asking him to veto it. The New Dealers have

been in the forefront of the "Bundies for Congress" movement. Their publications have been complaining about the "misrepresentation" of the Melvyn Douglas and Mary Chaney episode in the OCD. But they have been enthusiastically participating in the agitation against Congress.

It so happens that this bill was sponsored by one of the most conscientious men in Congress, Representative Ramspeck of Georgia, who has long specialized in retirement benefits which Government employees receive. The bill in question, in fact, was an extension of these retirement privileges. The measure was fully discussed and given a recorded vote in the Senate. There seems to be little question that Ramspeck intended only to apply the same actuarial standards to members of Congress, by which after serving a prescribed length of time they would be entitled to benefits in accordance with the amount they had paid into the fund. On the other hand, Senator Byrd of Virginia, insists that a proper interpretation of some bare parseology would make it possible for elder Congressmen to pay down a lump sum tomorrow and retire the next day at \$4,000 a year for the rest of their lives.

The point is that this writer, after careful investigation and knowing the frailties of Congressmen as well as anyone else, is convinced no "grab" was intended. A mistake may have been made and unquestionably the language needs clarification.

One thing is certain: The bill was not slipped through. It was discussed in the Senate. It was not the fault of that body that the discussion was not fully reported in the papers.

Another thing is certain: There would not have been the delayed publicity outburst had there not been an outburst in Congress against the shenanigans of the executive branch. It is unfortunate because our legislative branch has already been rendered largely impotent.

The contemptuousness, or cleverness of the New Dealers, whichever way you want to take it, is that while the spotlight has been on the OCD they have been building up Archie MacLeish's Office of Facts and Figures just as fast as possible. It is loading up with the country's outstanding writers as fast as they can be induced to join.

But having struck its stride and shaken off the timidity which characterized its earlier existence, it is spreading boldly out over town to usurp the functions of other agencies. Already it has been charged with censoring the speeches of cabinet officials, others in the Government. But now it has moved over into the domain of Byron Price, the censor, has been guilty on at least several known occasions, to have attempted to dissuade industries from advertising. Any advertising bearing on the war industry must be approved by Price's office. Some of Archie's men at least have passed around the word that the advertising had also better be submitted to them. And then they have not read it for possible disclosure of information to the enemy but have wanted to know the necessity of the ad.

There have been charges that MacLeish has Leftists on his staff. But he also has writers who have always made their money and been highly successful with the most conservative magazines in the country. Why they should lend themselves to this sort of stuff is more than I can understand. The fact is, though, that very level-headed men, getting into an organization like MacLeish's, want to appear "intellectual and liberal," and then I suppose no writer ever existed who didn't have a grievance against some publisher. Regard-

less of their background, they seem to develop a cynicism against the capitalist system when they are in this atmosphere long. It's contagious.

Mr. Roosevelt took an awful ridiculing recently over his suggestion that "parasites" leave town. But the end of that subject has not yet been heard. He was in deadly earnestness and the ridicule has made him the more determined.

His budget director, Harold D. Smith, at the President's orders, is making a study of the people and agencies that should get out of town. The United States Chamber of Commerce heads the list. Suspecting that it does, it has offered the Government the use of some of its building. The trade associations which industries maintain here to represent them in the intricacies of legislation and bureaucracy are on the list. It is even understood that the labor and farm lobbies are on Smith's list. Whether they will be if and when the President decides to let go a blast, remains to be seen.

It is not a good thing to arouse the President's temper.

The helplessness, bewilderment of a member of Congress is emphasized in the attack of Senator Brewster of Maine, on Jesse Jones. He has to have an issue, he wants to do something to show he is on the job in the maelstrom of Washington. But the goings-on are so incomprehensible to the average member, he is so utterly helpless to do anything about them, that he will grab at a straw. Several months ago, it may be recalled, some of the ablest members of the House vented their pent up spleen over an inconsequential "yoo-hoo" incident of one of the Army's most capable generals. It was simply that they had to have something to rant against and here was something simple which they understood and could make their constituents understand.

Brewster has jumped on the bandwagon against Jesse Jones and the rubber shortage. He announces out in Ohio that the lid is to be blown off and Jesse revealed.

Brewster is a Republican. He sits around bewildered for months with Rome burning and then lends himself to a New Deal campaign such as this. If he wants to investigate the rubber situation, why not do it. He will find some very interesting facts. But that isn't what he has announced is to be done. No, the thing to do is to get Jones' scalp. Nothing would tickle the New Dealers more. Harold Ickes is the leader of the movement against him.

### To Control Raw Sugar

The War Production Board on Feb. 15 took over control of the entire 1942 raw cane sugar supply. It issued an order (M-98) providing that:

1. No person other than a refiner or a manufacturer, or the agent of a refiner or a manufacturer, may purchase, import, or accept delivery of raw sugar during 1942.
  2. No refiner may purchase, import, or accept delivery of more raw sugar in 1942 than is allotted to him by the WPB.
  3. No manufacturer may import or accept delivery of more raw sugar than is permitted him under General Preference Order M-55 as amended (the order restricting the use or resale of refined sugar). Thus, the manufacturer using raw sugar will be placed on the same basis as a manufacturer using refined sugar.
- Concurrently, the WPB issued a supplementary order fixing the allotment of raw sugar for every refinery in the country for the period from Jan. 1 to Sept. 30, 1942.



## Save Billions For Defense: Morgenthau

Secretary of the Treasury Morgenthau declared that "it is entirely possible for our people to save almost \$11,000,000,000 a year from current income," through defense bond purchases, "not counting the additional billions which the larger investors can subscribe." These remarks were made by Secretary Morgenthau in an address at Baltimore on Feb. 14, before the annual dinner of the Advertising Club, in which he pointed out that "the war will call for a supreme effort from now on, for every ounce of energy in every field of our national life." "Everything that civilians can do to help win the war," he added, "must be done at a faster pace and with more intensive effort from now on—and that means, among other things, more production of war materials, more conservation of supplies, more volunteer work for civilian defense and greater purchases of Defense Bonds."

In part Mr. Morgenthau went on to say:

We have sold more than \$1,000,000,000 of Defense Bonds in the month of January. That was a great and impressive figure, yet you must forgive me if I do not give three cheers to this response. Early last month the President sent to Congress a budget message calling for expenditures of \$40,000,000,000 on the war in this calendar year. Compared to this estimate of expenditures, our \$1,000,000,000 sale of Defense Bonds in January looks small and inadequate. The money we shall have to spend in this war has got to be raised and it will be raised.

We shall have to get as much of it as possible from taxes. You will hear soon how Congress and the Treasury would suggest doing that essential part of the job. At this moment I can only tell you this: that just as war allows no avoidance, the next tax program will not allow anyone to escape from paying his fair share.

The balance of our wartime needs will have to be met by borrowing from the people themselves and from the banks. The amount to be borrowed is so vast that some people feel we should raise a part of it by compulsory savings. As you know, I have always preferred the voluntary method. I still prefer it, because it is the democratic method and because I am certain that it will work.

I know that the American people are ready to do their part, but readiness and willingness are not enough. The time has come for all of us to translate that readiness into action. We can, we will, we must.

One of the ways we can do much more is by intensifying our effort in the purchase of Defense Bonds. If everyone who earns between \$40 and \$50 a week were to set aside \$4 out of every pay check for buying Defense Bonds—and there are almost 8,000,000 income earners in this salary group alone—it would bring into the Treasury \$1,200,000,000 a year. I have in my hand a table showing what the average income earner should be able to save for Defense Bonds, starting with the very small salaries and going up to the higher income levels. We are circulating this table throughout the country as a suggested yardstick for income earners, to show that it is entirely possible for our people to save almost \$11,000,000,000 a year from current income, not counting the additional billions which the larger investors can subscribe.

That will show you how little we have done up to now on this

one sector of the home front, and how much remains to be done. We have reached only about one-seventh of all the income earners in the country; we must reach the others without delay. With your help, we must have every income earner in the country saving regularly on a week-to-week basis if we are to finance this war without bringing the evils of inflation upon us.

### Urban Foreclosures

There were fewer urban real estate foreclosures in 1941 than in any year for which records are available, including the so-called boom years of 1926 to 1929, Federal Home Loan Bank Board economists report. They estimated there were 58,381 non-farm foreclosures during the year, 17,000 less than in 1940—a decrease of 22.5%. All but five states shared in the decline. The Board's announcement likewise said:

Recalling the peak of 252,000 foreclosures reached in 1933, the Bank Board economists credited the Home Owners' Loan Corporation for "breaking the trend" by lifting a million frozen mortgages from burdened private financing institutions. Even when the Corporation a few years later was forced to foreclose its worst loans, the economists said, sufficient stability had been attained so there was no serious effect, and every year since 1933 has shown a decline.

A 1.6% increase in the seasonally adjusted foreclosure index for December over November represented "a reversal from the trend of the past eight years, and was caused almost entirely by accelerated actions in those areas which are not experiencing a shortage of housing due to increased defense activity," said the Bank Board report. With the 1935-1939 period representing 100, the December index stood at 32.4.

Foreclosures for the United States during December numbered 4,337, an increase of 133 over November, according to the report. Eighteen states and the District of Columbia reported decreases, while 29 states reported increases and one showed no change.

"In relation to the same month of 1940, however, foreclosure activity for December decreased 23.1%," the report said. "Each Federal Home Loan Bank district except Pittsburgh—which includes the states of Pennsylvania, West Virginia and Delaware—and all but 12 scattered states shared in this improvement."

Sources of foreclosure figures regularly compiled by the Bank Board include the reports of county and court clerks, recorders, sheriffs and Government officials from about 1,800 communities.

### Vilifies Hoarding

Hoarding by consumers is a sure way to raise prices and encourage inflation, was the warning made on Feb. 3rd by Julian Goldman, National Chairman of the National Committee to Keep Prices Down, according to a statement released Feb. 3 by the committee. Mr. Goldman said:

Not only is it unpatriotic to hoard, but doing so in the long run jeopardizes the interests of the individual and endangers the welfare of the nation as a whole. A rapidly rising price level might not only wreak havoc upon consumers, seriously reducing their savings, but it might also create a distinct handicap to our winning the war.

While most of our people recognize that it is unpatriotic to hoard, there are, however, those \* \* \* whose actions are

partially responsible for present scarcities of food and items of soft goods.

Referring to recent "feverish buying" as indicating hoarding activity, Mr. Goldman warned that unless hoarding ceases immediately, it will become very difficult to prevent inflation. He urged all consumers to help prevent inflation by resisting the urge to buy beyond their immediate needs. By so doing, he declared, they will greatly help to keep prices down and make hoarding unnecessary. The National Committee to Keep Prices Down, a non-profit organization, is conducting an effort appealing to manufacturers, distributors and retailers everywhere to do their utmost to keep prices from becoming unreasonably high. Mr. Goldman is President of the Goldman Stores Corp., New York.

### Expects 85,000 More Government Employees In Washington, D. C.

Budget Director Harold D. Smith expects an increase of 85,000 Government employees in Washington this year, with a total increase in the capital's population of around 250,000, it was reported in Associated Press Washington advices of Jan. 18. The city's population was 663,153 in the 1940 census and has increased sharply since then, the advices said, adding:

There were about 180,000 Federal workers in Washington on Jan. 1. Plans now are being made to move about 10,000 to other cities by transferring a dozen agencies and bureaus.

Mr. Smith said that about 42,500 additional workers, such as clerks, telephone operators and city employees, would be needed to serve the expected increase in Government workers. To house the new population, he estimated it would require 75,000 family units costing more than \$300,000,000.

Rental vacancies in the district are less than one-half of 1%, he said. He estimated a shortage of 2,700,000 square feet of office space by July 1.

### 1942 Cotton Bagging

A cotton bagging program for 1942, providing for the manufacture of up to 4,000,000 "patterns" or bale coverings, was announced by the United States Department of Agriculture. The program, directed by the Surplus Marketing Administration with the cooperation of the Commodity Credit Corporation, will give manufacturers an opportunity to make and sell the patterns which will be needed for about one-third of the 1942 cotton crop. The Department's announcement further explained:

The maximum prices at which manufacturers can sell the patterns have been established at \$1.10 per pattern to cotton producers or ginners, and at \$1 to distributors.

Payments of 35 cents per pattern will be made by SMA to approved manufacturers who make the patterns as specified and sell them to cotton producers, ginners, cottonseed oil mills and other distributors of bagging for cotton bales, at not more than the established prices. Manufacture or sale of the patterns before June 30, 1942, is required.

Under the program Commodity Credit Corporation will make available to mills cotton from Government-owned stocks at prices that will enable the manufacturers to produce and sell bagging at the established maximum prices to distributors, producers and ginners.

### French West Indies Sugar Production Up 10.3%

Sugar production in the French West Indies (Guadeloupe and Martinique) during the 1940-1941 crop season totaled 123,000 long tons, raw sugar, as against 116,000 tons in the previous campaign, an increase of 12,000 tons or 10.3%, according to advices received by Lamborn & Co., New York. Local consumption amounted to 5,200 tons. The firm's announcement added:

Exports during the crop year ended Aug. 31, 1941, dropped to 63,000 tons as compared with 110,000 tons in the previous season. The 1940-1941 exports were the smallest in ten years, or since 1931 when the figure was 58,000 tons.

Sugar shipments from the French West Indies usually go to France. In the past year, these shipments have been retarded because of the unsettled conditions in Europe, and much of the sugar remained unshipped in the Islands.

On Sept. 1, 1941, there were on hand 77,000 tons as against 17,000 tons on the same date in 1940, and 12,000 tons in 1939.

### Dallas Reserve Appoints

The Board of Governors of the Federal Reserve System announced on Jan. 29 the following appointments at the Federal Reserve Bank of Dallas:

Chairman and Federal Reserve Agent for the remainder of 1942: Jay Taylor, Rafter O. Cattle Co., Amarillo, Tex. Mr. Taylor has served as a Class C Director of the Federal Reserve Bank of Dallas since his appointment on March 4, 1937, and as Deputy Chairman of the Bank since Jan. 1, 1939.

Deputy Chairman for the remainder of 1942: J. B. Cozzo, Womack and Cozzo (general contractors), Dallas, Tex. Mr. Cozzo has served as a Class C Director of the Federal Reserve Bank of Dallas since his appointment on June 26, 1939.

Class C director for unexpired portion of term ending Dec. 31, 1944: Dolph Briscoe, stockraiser, Uvalde, Tex. Mr. Briscoe has served as a Director of the San Antonio Branch of the Federal Reserve Bank of Dallas since his appointment on Jan. 10, 1938.

### N. Y. Budget Criticized

H. Boardman Spalding, Chairman of the Executive Committee of the New York State Chamber of Commerce, announced that the Chamber would continue the fight to have the State Income Tax law amended to permit the deduction of Federal income tax payments in computing State returns, despite the opposition of Governor Lehman and reported opposition of majority leadership in the Legislature. He said that the emergency reduction of 25% in the income tax rate proposed by Governor Lehman was welcome, but that it could not be attributed to State economy. The reduction of \$5,000,000, or less than 2% in State expenditures proposed in the Governor's budget message was also criticized. Mr. Spalding said:

Considering the fact that the Nation is at war, that taxpayers must pay the highest taxes in history, that the cost of living has greatly advanced and will go much higher and that everyone is being urged to buy defense bonds, the State's economy contribution to the war effort and its assistance to its taxpayers is microscopic.

The Chamber endorsed on Feb. 5 the Graves bill to create a temporary State Commission, patterned after the Byrd Committee in Congress, to study the fiscal affairs to the State Government with a view of effecting economies.

### Says Savs. Institutions Can Prevent Inflation

The private institutions which hold the nation's savings "can do more to prevent the blowing up of the inflation bubble than all the talk about restrictive measures," if they will carry out their two primary functions of accelerating the liquidation of debts and speeding the accumulation of savings, Dr. W. H. Husband, a member of the Federal Home Loan Bank Board, declared. He proposed, in effect, that the increased volume of earnings resulting from the war program be invested by the public in Defense savings bonds and that "real leadership be taken by savings institutions themselves in reaching this objective." Dr. Husband added:

"The present sacrifices these institutions would make as a result of such action will become the pillars of their business tomorrow. Not only will the liquidation of debt add to the soundness of the business structure but, in addition, the accumulation of savings will become a definite source of purchasing power. By these means, the groundwork will have been laid for private business recovery after the war."

As a step toward debt liquidation by home-financing institutions, Dr. Husband urged the adoption of arrangements which would encourage prepayments by borrowers on their mortgage loans on homes. The borrower who makes such prepayments, he said, should be permitted to stop his monthly payments without foreclosure on his home, if he later encounters temporary difficulties. He added:

"The sale of Defense bonds and stamps is admittedly necessary on a scale which is difficult to appreciate, but if one can sense in some little way the meaning of \$53,000,000,000 which is scheduled to be spent for war purposes in the next fiscal year, he will get some notion of the problem. To spend such a fabulous amount, it is obvious that the funds must be raised.

"There are two orthodox sources to provide these funds—taxes and the sale of Government bonds. Taxes have a higher rating in the scale of economic value, but Defense bonds and stamps may be held in higher esteem as an index of national morale. There is no escape other than the penitentiary from the payment of taxes, but the purchase of bonds and stamps is a voluntary deed. It reflects discipline as well as a response to the needs of our country."

### Pres. Holds First Meeting With Joint Labor Board

President Roosevelt held his first meeting with the new A. F. of L.-C. I. O. War Labor Board on Feb. 6 discussing how labor's part in the national effort may be made most effective. This board, set up at the President's suggestion, consists of William Green, President of the A. F. of L., George Meany and Daniel J. Tobin also of the A. F. of L., while the C. I. O. group is headed by Philip Murray, President of the organization and includes R. J. Thomas and Julius Emspak. Others who were present at the meeting on Feb. 6 were Sidney Hillman, labor advisor to the War Production Board, and Mrs. Anna Rosenberg of the New York Social Security Board, who was made Secretary of the combined board. The next meeting of the group is scheduled for Feb. 20, at which time it is expected that a specific program for meeting various problems that may arise during war time will be presented.

Creation of the board was reported in these columns Feb. 5, page 577.