

# FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 155 Number 4066

New York, N. Y., Thursday, April 23, 1942

Price 60 Cents a Copy

## Delay Action On War Profit-Labor Curb Bill Until After Presidential Message On Inflation

The House Naval Affairs Committee has postponed until after April 27 a vote on the legislation now before that group calling for suspension of the 40-hour work week, freezing open and closed union shop conditions, and a limitation on war profits and union initiation fees.

Discussion of the various measures on this matter was abandoned by the House group on April 20 in view of the announcement that President Roosevelt plans to send to Congress early next week a special anti-inflation message. The President also intends to address the nation on this program following the submission of the program to Congress.

A new measure, sponsored by Representative Vinson (Dem., Ga.), Chairman of the House Naval Committee, as a compromise for the bill introduced earlier by him and Representative Smith (Dem., Va.), was presented to the House Committee on April 14. It provides for an extension of the basic work week in war industries from 40 to 48 hours, proposes to limit profits on war contracts of \$100,000 or more to \$6,000 plus 8% of the cost of the contract and freezes closed and open shops for the duration of the war. The legislation would also provide a system of government-financed "incentive bonuses" for employees of war contractors and limit union initia-

tion fees to \$5 and dues and assessments to \$2 monthly.

The original bill proposed a 6% profit limit on navy contracts over \$10,000, outlawed closed shops and suspended the 40-hour week.

Secretary of the Navy Knox told the Committee on April 14 that suspension of the 40-hour work week would only result "in confusion and delay" in the war program and that substitution of the 48-hour week would cut wages 10%. He also expressed opposition to Congress enacting restrictive labor legislation, preferring instead voluntary stabilization of management-labor relations for the duration through establishment of a national war labor policy.

As to applying statutory curbs on profits, the Secretary said that he favored recapturing excess profits through taxation, explaining that the profit motive is still relied upon as an important factor in the inducement of extraordinary war production and industrial effort.

## FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

It must be heartening to all "forward looking" people, as Dorothy Thompson would say, that the Republicans out in Chicago, have resolved in favor of this country's taking its "rightful place" in the world after the war. Aside from the fact that the National Committee can't bind a party, aside from the fact that even when a whole National political convention resolves it seldom means anything, aside from the fact that events shape men instead of men shaping events, the action in Chicago practically clinches our taking our "rightful place" in the world when the war is over. The argument then is concluded and all "forward looking" people will rejoice.

The only thing left to figure out is what our rightful place is.

Our rightful place after the last war was to exercise a restraint over France and Britain in formulating the peace treaty, to continually hound them in subsequent years to get off of Germany's neck, to pour money into Germany which Germany in turn sent to Britain and France which they in turn applied to their war debts to us. Presumably this would have been our policy had we been a member of the League of Nations thus "occupying our

rightful place" or "exercising our leadership" in world affairs. "Exercising our leadership and rightful place" or "helping the world to solve its affairs" in more recent years, we tried to get Britain and France to apply sanctions against Mussolini when he went into Ethiopia, we tried to get Britain to help us resist the Japanese occupation of Manchukuo. Presumably the outcome would have been the same had we been a member of the League of Nations "occupying our rightful place, exercising our leadership, helping the world," etc., etc. I have no doubt that our politicians will be helping to save the world for the next 25 years just as they have been helping to save it for the past 25 and to the world's detriment.

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## THE FINANCIAL SITUATION

Shall we permit theories about our plans for winning the peace to impede our effort to win the war? Do the President, his articulate aides and propagandists, and Mr. Willkie and his ardent supporters believe such a course to be the part of wisdom? We can not bring ourselves to believe so. Yet it must be said in all candor that we not infrequently seem to be in danger of this blunder, and that the aggressive attitudes of both the Administration and Mr. Willkie concerning post-war policies appear to aggravate that hazard if, indeed, they do not actually create it.

These observations are inspired at this particular moment by Mr. Willkie's insistence that the Republican National Committee, meeting this week in Chicago, commit the party, so far as the Committee is able to commit it, to aggressive post-war internationalism. Mr. Willkie's success in Chicago appears to be debatable, but that is not the point. He has definitely injected this issue into the coming campaign, and he and his followers apparently have no idea of permitting it to die or even to sleep. Here is what Mr. Willkie himself has to say of the resolution covering the subject here in question. His words appear to us to be ominous.

The resolution as passed adopts principles of international relations which are essential to the survival and effectiveness of the Republican Party and of this Nation, namely, an abandonment of isolationism and a recognition of the necessity for the United States to assume a positive position in world affairs both now and after the war is over.

The next job for Republicans to do is to see to it that in the coming primaries candidates are nominated not alone for Congress but for other positions of public influence who have the courage to declare and who believe sincerely these principles and their necessary implications.

### Divisionist Tactics

All this, however, must, as ominous as it obviously is, be regarded as but an example of what is continuously taking place.

(Continued on page 1628)

## These Are Adequate!

*We demand the prosecution of an offensive war, relentlessly and without reservation, whatever it may cost in wealth, energy or human life, until the United States and its allies have won a complete victory over their enemies. \* \* \**

*We pledge to preserve the two-party system, to guarantee the continuance of our present American constitutional form of government and the sacred safeguards provided in our Bill of Rights for ourselves and for future free Americans. We further pledge the preservation of our present system of free and private enterprise.*

*That through informed and aroused public opinion, and through our elected representatives in Congress, we will be a constructive and energetic force in the conduct of the war effort and will urge upon the Administration in power whatever measures seem necessary to that end.*

### Specifically, we demand:

*(a) The selection of men and women best fitted to do the job, regardless of party affiliation or economic status; and also the weeding out of inappropriate and unfit political appointments throughout the Government's war machinery.*

*(b) The drastic reduction of all non-essential war expenditures and the conservation of the resources of the Nation to the essential and direct purpose of winning the war.*

*(c) The elimination of non-essential domestic regulations and the concentration of our minds and man power against the enemy. \* \* \**

*We will vigorously oppose any effort by the Administration to use the war emergency as an excuse for the extension in domestic affairs of unsound economic panaceas. \* \* \**

*We declare our conviction that no individual, or group of individuals, should profit excessively from this war and that there should be equitable distribution of its tragic burdens among our people.—Republican National Committee.*

*We think the Committee would have better served its party and its country had it confined itself to these or similar declarations.*

## Binders For The Convenience Of Our Subscribers

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

## Work Week Above 40 Hours In Most Plants

Hours of work in American industries engaged in war production are well above 40 a week, according to a survey of the snail schedules of a representative group of plants just made by the Management Research Division of The Conference Board. Only 10% of the plants studied confined their operations to 40 hours a week, says the Board, while 24% operated 168 hours a week, or around the clock seven days a week. 15% scheduled work for 144 hours, or six full days, and 5% worked more than six, but less than seven complete days. Thus, 44% of these plants worked at least six full days a week.

The Board's announcement bearing on the survey further said:

The study points out that the number of hours an individual may work are not restricted to 40 a week by the Walsh-Healey Act and the Fair Labor Standards Act. Those Acts simply require that wages at the rate of time and a half must be paid for all hours in excess of 40 worked in one week, and according to the Walsh-Healey law, those worked in excess of eight hours in one day.

Workers' schedules varied considerably in the plants studied. In nearly two-thirds of the companies, employees worked more than 40 hours a week. The analysis shows that the work week was 40 hours in 35%, more than 40 but less than 48 in 9%, 48 hours in 23%, 50 hours or more but less than 60 in 15%, and 60 hours a week or more in 8%. Individual weekly-hours schedules varied in 10% of the plants.

Night shifts have become increasingly necessary in order to meet or anticipate delivery schedules on Government orders, and many companies are paying premiums to employees who work them, to compensate for the inconvenience and disruption of normal domestic arrangements that are inevitable. These premiums range from a minimum of two cents an hour to 20, but five cents, or 5%, is the most popular.

Referring to the President's appeal last December to all companies producing war material to work around the clock, the Board's study concludes that these industries are extending hours and increasing the number of shifts as rapidly as they are permitted to do so by such factors as orders, materials, labor supply, machines and local problems.

## Market Transactions In Govts. For March

Market transactions in Government securities for Treasury investment and other accounts in March, 1942, resulted in net purchases of \$5,814,450, Secretary Morgenthau announced on April 15.

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

1940—		
April	\$1,636,100	sold
May	387,200	purchased
June	934,000	purchased
July	No sales or purchases	
August	No sales or purchases	
September	\$300,000	sold
October	4,400,000	sold
November	284,000	sold
December	1,139,000	sold
1941—		
January	\$2,785,000	purchased
February	11,950,000	purchased
March	No sales or purchases	
April	\$743,350	sold
May	200,000	sold
June	447,000	purchased
July	No sales or purchases	
August	No sales or purchases	
September	\$2,500	sold
October	200,000	sold
November	No sales or purchases	
December	\$60,004,000	purchased
1942—		
January	\$520,700	sold
February	29,980,000	purchased
March	5,814,450	purchased

Editorial—

## Argentine Banking and Trade

Argentina is one of the few neutral islands in a world at war. The extent to which the great conflict has impinged upon the leading South American country is clearly reflected, however, in the annual report of the Argentine Central Bank for 1941, which has just come to hand. The document makes interesting reading,—for it deals with many problems that will again become of foremost international importance when peace returns. And it contains a disclosure or two that may well be of vast ultimate importance for the Inter-American relations which occupy so much thought in Washington.

Conservative in its terminology, the report nevertheless makes it clear that boom conditions prevailed in many phases of Argentine activities, last year. It seems almost odd to read of active and thriving markets for real estate and securities. The war problems are pervasive, however, and make their appearance with the question of carrying crops that could not be exported in normal quantities to the normal European markets. The State used the reserves of the banking system to acquire the crops, and thus to avoid a sharp contraction of economic activities. As the war continues and shipping becomes scarcer, it is evident that this phase of Argentine affairs will become ever more perplexing.

In the vitally important sphere of international trade, Argentina experienced an abrupt change last year, which still is in cumulative effect. Foreign exchange was so scarce toward the end of 1940 that a credit of \$110,000,000 was arranged in Washington. During 1941, on the other hand, the United States took ever greater amounts of Argentine products and, like England, found its ability to supply Argentina ever more curtailed by lend-lease and by war requirements. The Argentine problem turned from one of inadequate supplies of foreign exchange to a surplus. How to dispose of that surplus is one of the current problems that receives consideration in the bank report for 1941.

As every informed observer in the United States is aware, Argentina balanced its accounts with this country largely through acquisition of gold. This, indeed, is one of the few satisfactory developments of the last year relating to the gold standard. But gold was purchased largely because the Argentinians were unable to buy adequate amounts of merchandise in the United States, and the report emphasizes that public opinion in Argentina still has to grasp the implications of this change.

The phenomenon of "blocked devisen," which arose first in connection with the German-Argentine clearing arrangement, is still another chapter, and an absorbing one. For Great Britain blocked the Argentine sterling accounts, and also the accounts of some other South American countries. In this connection Argentina began last year to play the role of international banker for some other countries—a circumstance which had not previously been disclosed, despite its importance.

To alleviate the problem of blocked foreign exchange, Argentina began last year to repatriate the sterling debt owed to British investors. These operations were hampered to a degree by the absorptive capacity of the internal capital market of Argentina. But this did not prevent certain international operations relating to Bolivia and Paraguay, with which countries Argentina established a favorable trade balance. In order to liquidate such balances, Argentina acquired from the neighboring countries their blocked sterling, making payment in pesos. Just what use ultimately is to be made of such additional sterling balances naturally is uncertain, but it remains highly significant that Argentina decided to take up the sterling of its neighbors and thereby keep its trade with Bolivia and Paraguay active and progressive.

It is suggested in the report that the moment may have arrived to attempt a solution of the blocked devisen problem on a wider, or Continental, scope. This might lead, it is suggested, to use of the dollar for balancing accounts with sterling and other units. But if England has no more use for dollars than for pesos, then the mere territorial extension of the arrangement would afford no genuine solutions. The Argentine Bank notes correctly that this problem is receiving expert study in the United States, which will be able in the post-war world to throw its weight on the side of sound arrangements, or on that of strangling water-tight compartments. Like a scarlet thread throughout the report runs the implication that decisions reached in the United States will be of vital importance for all the world.

Editorial—

## Labor Must Go "All Out," Too

As head of the President's new War Man-Power Commission, Governor Paul V. McNutt has been given an opportunity granted to only a very few men in the history of the world. At a time when the very life of this Nation is at stake, he has received a splendid mandate. By Presidential command, without limitation upon his daring or ingenuity, he has been instructed to:

"Formulate plans and programs and establish basic national policies to assure the most effective mobilization and maximum utilization of the Nation's man power in the prosecution of the war; and issue such policy and operating directives as may be necessary thereto."

Such a task, worthily performed, would elevate the responsible agent to the most exalted rank among the statesmen entitled to the respect and gratitude of their fellow citizens.

With the first five months of American participation in the second world war rapidly approaching its end, it is obvious that the country's resources of human energy are not being utilized in civilian production with anything even approaching tolerable efficiency. Wherever one looks, it invariably appears that either production lags seriously below immediate and imperative necessities, or is absorbing an excessive and wasteful proportion of the available supply of labor.

The unfortunate truth is that labor, in the United States, is now organized not for production, but against it; not in the interest of productive efficiency, but for the aggrandizement of professional leaders, parasites upon industry. It is organized to obtain for labor the maximum possible wage rates with the absolute minimum of effort on the part of each individual employee, a vicious system amounting in practice to an armed neutrality on the part of those who ought in their own interest and the interest of society work loyally for the attainment of the utmost possible efficiency.

This is no new doctrine—it dominated the Industrial Workers of the World, the American Railway Union, the Workmen's Benevolent Association, the United Mine Workers, the Mollie Maguires, the International Hod Carriers' Union, the American Federation of Labor, and others too numerous to mention.

The 40-hour week, although an impediment, is not the chief impediment to the defense effort—in fact it has become only a thinly disguised trick to mulct increased wages from the defense industries. Incomparably more destructive of the productivity of American labor are the innumerable rules limiting the functions and output of individual employees regardless of the wages they receive or the number of hours during which they are on duty. Under a typical restriction of this sort, a particular employee bargains to work a day of eight hours, but is kept idle during part of that time on the ground that some operation, which he could easily perform, and which is so closely connected with his own employment that the latter must await performance of the former, belongs to another trade or employee and cannot be performed by the employee thus held in forced idleness. For one task a plainly superfluous helper is required; for another, an unnecessary inspection by a co-worker is demanded, thus interrupting the productivity of two employees. Many rules are enforced all limiting the speed of operations and compelling interruptions of effort by periods of idleness. The effects of these restrictions have been incalculable throughout industry.

Before the full effect of the war complications which began during 1939 were apprehended, there was a degree of superficial plausibility in the cry which urged all men to "spread the work." While many were unemployed, it was natural that many should have become convinced that the employment of larger numbers, even of numbers unnecessarily enlarged, would be desirable and beneficial. But even the most gullible ought not to be deceived into accepting that misleading and mischievous doctrine as applicable when all the energy in the country ought to be unsparingly devoted to the single and supreme need of arming and supporting the Nation for the great test of its strength, patriotic devotion, and sound sense, now in progress.

At the present time, there can be no doubt that, with the control which the Axis powers have established over labor, the industry with which that labor is compelled to pursue its arbitrarily assigned tasks, the long hours, and the miserable pittance which it is obliged to accept as compensation, the cost of production to the Axis nations is insignificant when compared with the cost of the same article

in the United States. Even English production, on a similar basis of comparison, is very much less costly than that in this country.

No one desires the establishment of Axis or English rates of wages or conditions of employment in the United States. Far from it. But it is nevertheless intolerable that every American industry should be today, in this supreme hour of exigency and danger, absorbing in its own activities a very large proportion of unnecessary and superfluous labor that is needed elsewhere and the lack of which is crippling and delaying essential production when time is the precise essence of the need. The release of all such labor to other employments and industries, where it is genuinely and urgently required, where it could function to the advantage of the whole people, has become the indispensable first requisite of this period. It is intolerable that such release should be postponed. Self-respecting labor ought not be patient with such conditions and would not be, if their full enormity were as generally comprehended as the separate instances are known, within his own field, to every competent observer.

Early and complete success in the war with the Axis lies readily within the potentialities of such a release of labor which is now totally unproductive, if the cessation of this waste is obtained without more delay than necessary for a fair and summary investigation of the facts. Without such release, the direst forebodings may come to pass.

The designation of the War Man-Power Commission by the President is a move in the right direction, but it is only that. Everything will depend upon the sagacity and courage of the man at the head of the new Commission. Governor McNutt can make of his great assignment everything that he has the will and the wisdom to discover. The results will not be long in appearing.

The war cannot be won until the woeful waste of manpower has been eliminated, and it will have to be eliminated in a determined and whole-hearted manner, sooner or later, if our Nation is to prevail with the least sacrifice and suffering.

American labor must also go "all-out" in this war.

## The State Of Trade

Business activity showed slight weekly setbacks in some of the large industries, but on the whole business expansion continues on the increase. War production is swelling, and in a good many lines it can well be described as booming. It is pointed out that the physical volume of industrial production is now about 50% greater than it was at the peak of prosperity in 1929. However, the business picture is not altogether pleasing.

Failures among small manufacturers of peacetime goods who have been unable to convert to war work are now being reflected increasingly in indices of insolvencies.

Dun & Bradstreet, Inc., data reveal that commercial and industrial insolvencies during March forced 53 out of every 10,000 firms in existence out of business. Significantly, retail and wholesale failures declined, but industrial failures rose. During February failures were 50 out of every 10,000 firms in business. During January failures had reached a low of 45 insolvencies for each 10,000 firms in business.

It is said that failures among industrial concerns are likely to increase unless small manufacturers are more successful in getting war work than they have been in the past. A growing number of limitation orders are expected to shut down civilian producers whether they have inventories on hand or not.

Reflecting the vast expansion in war work, it is stated by Brig. Gen. F. J. McSherry of WPB's labor division, that 10,000,000 more workers will be absorbed into our war industries before the end of the year.

Thus, by next January 1, the United States will have about 17,500,000 people doing such work, the General told an interviewer.

"We had 29,000,000 people engaged in non-essential work last January 1, and only about 7,500,000 working on war production," he said. "By the end of this year we shall need an additional 10,000,000 workers in war production. Get that straight, an additional 10,000,000."

"After September, when the peak of the harvest is over, we are looking for about 400,000 agricultural workers to come into

Loading of revenue freight for the week ended April 11, totaled 814,233 cars, according to reports filed by the railroads with the Association of American Railroads and made public today. This was a decrease of 14,657 cars from the preceding week this year, 134,425 cars more than the corresponding week in 1941 and 195,128 cars above the same period two years ago.

This total was 135.61% of average loadings for the corresponding week of the 10 preceding years.

Operations of the steel industry have been advanced to 97.6% of ingot capacity this week against 97.2% last week and 99% a month ago, the American Iron & Steel Institute announced.

At 97.6% it is estimated that the week's turnout of ingots will be 1,651,100 net tons. For the like 1941 week production totaled 1,549,300 tons.

Department store sales on a country-wide basis for the week ended April 11, decreased by 12% from the figures for the same week a year ago, it was shown in the statistics made public by the Federal Reserve Board. Store sales were up 14% for the four-week period ended April 11, compared with a year ago.

Department store sales in New York City in the week ended April 11, were 16% smaller than in the same 1941 week, but in the four weeks ended April 11 were 8% larger than in the comparable period a year ago, the New York Federal Reserve Bank reports. The decline was due in most part to the fact that the week this year was the one immediately after Easter, while the week ended April 12, 1941, was the week just before Easter.

Retail prices are now close to 20% above the levels of last year. Retail sales gains have been running about 25% ahead of last year in recent months, the Federal Reserve Board index of department store sales during March reaching 122% of the 1923-25 average. The 25% gain is expected to continue over the next few months, indicating that in terms of physical units, sales may be only slightly above last year.

Estimated operating revenues of 88 Class I railroads, representing 82.7% of total operating revenues, increased 27.4% in March, compared with March, 1941, the Association of American Railroads reported recently.

The 88 reporting railroads had estimated operating revenues of \$438,551,054, compared with \$344,127,773 in March last year.

The labor manager board movement is reported as expanding sharply, and this no doubt is playing a substantial part in the increased acceleration of the war production effort. The names of 500 war plants in 32 States were listed by the War Production Board as full-fledged participants in the drive for increased armament production.

All have established joint labor-management committees and have undertaken the various promotional programs designed to stimulate a 25% increase in output on existing machinery.

The 500th report accepted was received from the Douglas Aircraft Company, where the labor-management committee said one plant alone had contributed some 5,841 suggestions for speeding production. "Suggestion boxes," to which all employees may contribute, are an important feature of the production drive.

The WPB said no accurate estimate was available as to the number of workers already enlisted in the campaign, but officials noted that three of the 500 companies had a total of more than 500,000 employees and that the grand total therefore "runs into millions."

## Functions Of RFC In Relation To Business And War Effort Outlined By Henderson

Discussing "RFC In Its Relation to Business" Charles F. Henderson, Chairman of the Reconstruction Finance Corporation stated in Chicago on April 17 that "our major defense and war operations fall into three general groups:

(1) purchase of a reserve supply of essential raw materials handled through Metals Reserve Company, Rubber Reserve Company, and Defense Supplies Corporation;

(2) financing of plant construction, and the acquisition of machinery and equipment for the manufacture of military supplies and other products needed for war handled through Defense Plant Corporation; and

(3) war production loans made directly by the RFC chiefly to business concerns for working capital to enable them to carry out defense and war contracts.

Mr. Henderson spoke before the American Bankers' Association Credit Clinic, and in his remarks he stated that "from the time of its incorporation until July of 1940, a period of 8½ years, the RFC authorized loans of approximately \$11,485,000,000, of which nearly \$7,900,000,000 was disbursed, and on which over \$6,000,000,000 or 76% has been repaid. He added:

Payments are being made on the balance outstanding. In contrast to this, and since entering into the defense and war effort,—a period of less than two years,—this Corporation has made commitments aggregating \$12,500,000,000 for defense and war purposes.

Mr. Henderson undertook to point out that "the RFC is not in competition with private industry." "We endeavor," he said, "to utilize the brains and facilities of men and organizations, skilled in this field, in order to quickly and effectively complete this necessary Government program." As to financing for small business he said:

On March 26, 1942 the President issued an Executive Order to facilitate the financing of contracts for small business enterprises to enable them to engage in the war effort; thus additional facilities have been made available for the local banks to make and service war time loans; to participate in loans with the Reconstruction Finance Corporation, to assist in spreading defense orders among smaller enterprises, in procuring strategic and critical materials, to join most effectively in the war effort, in the end to bring victory. It goes without saying that the RFC will cooperate 100% with the War Department, the Navy Department, the Maritime Commission, the Federal Reserve Banks, and with any other lending institutions in the carrying out of this program.

Mr. Henderson also stated:

Since I addressed your Association in New York City on March 6, 1942, the Reconstruction Finance Corporation has inaugurated a program to assist retail coal dealers in immediately building up their coal stocks in excess of present normal requirements so that possible shortage next fall and winter by reason of transportation difficulties might be averted. These loans will be made to cover retail dealer purchases on all coal shipped from producing mines prior to Aug. 1, 1942. The Reconstruction Finance Corporation will make the loans direct or participate with banks or other lending institutions. We feel that it would be most helpful to the retail coal dealers if these loans were originated and serviced through their local banks, the

## Upham Urges Caution On Consumer Credit

According to Deputy Comptroller of the Currency C. B. Upham, bankers in war time have two important services to perform; the first as molders of public opinion and the second as purveyors of credit to war industries. Mr. Upham made this statement in addressing in Chicago on April 17 the Credit Clinic of the American Bankers' Association at Chicago. Advances from Chicago to the New York "Sun" reporting this further stated:

The Deputy Comptroller said that the uncertainties of war and post-war conditions would leave their mark upon consumer credit—"especially that type of consumer credit represented by paper which a few banks are acquiring from large mail order houses and finance companies, where the bank's safety is dependent wholly or almost wholly upon the financial responsibility of persons cattered throughout the country whom the bank doesn't know or have any record of and who, in some cases, do not know that their obligation has been transferred to the bank.

Special advices to the New York "Times" quoted Mr. Upham as saying:

"Do not misunderstand," the speaker said, "I am not urging that all consumer credit be cut off or that banks will refrain from making small personal loans. On the contrary, consumers will of necessity need credit, and it is wholly appropriate for banks to furnish that credit but they should do so with their eyes open. \* \* \* In taking consumer paper from finance companies and merchandising firms of various types and magnitudes, you should look to the true essentials of the contract."

Mr. Upham warned that if a few bankers "sow the wind of increased consumer credit they and all bankers and their fellow-Americans will reap the whirlwind of higher prices, unjust and ill-balanced re-allocations of property and income, individual and institutional bankruptcy and the social and political evils which grow in such soil."

## Cut Rediscount Rate

The Federal Reserve Banks of Cleveland and Kansas City have reduced their rediscount rates from 1½% to 1%, effective April 11, 1942, thus making a 1% rate in effect at all the Reserve Banks. This action follows a similar reduction made in recent weeks at various other Reserve Banks. The 1½% rate had been in effect at the Cleveland Bank since May 11, 1935, and at the Kansas City Bank since Sept. 3, 1937.

The most recent lowering of the rate was reported in our issue of April 9, page 1448.

Reconstruction Finance Corporation participating therein.

As in the case of his March 6 address in New York, (to which we referred in our issue of March 19, page 1154) Mr. Henderson discussed the workings of the Defense Plant Corporation, the Defense Supplies Corporation, the Rubber Reserve Company, the Metals Reserve Company, all subsidiaries of the RFC.

## Warns Of Axis 'Peace' Offensive

Warning that "an Axis offensive on the psychological front" is in the making, Archibald MacLeish, Director of the Office of Facts and Figures, on April 20 called in the American press to prepare the people through the "strategy of truth" to meet the danger of an Axis "peace" offensive this Summer. Speaking before 600 editors and publishers at the annual meeting of The Associated Press at the Waldorf-Astoria, New York City, Mr. MacLeish asserted that a "peace" offensive is an "offensive in political warfare, and political warfare is warfare fought with the weapons journalists and publishers are trained to use—the weapons of ideas and words."

He added that "it can be met and turned only by the employment—by the most skillful and most effective employment—of these same weapons."

Declaring that the "strategy of truth"—as opposed to the frauds and deceptions practiced by the enemies—is peculiarly applicable to the propaganda attack observers now foresee, Mr. MacLeish further stated:

To prepare themselves against a "peace" offensive, the American people need to know what a Nazi peace offensive is. They need to know for what purpose a Nazi peace offensive is made and with what end in view—that the end is never peace but always conquest—and that the inevitable consequence to the Nazi victims is defeat.

If the American people are informed in full of these purposes and these effects their defense will be assured. They will know how to deal with those who urge the talk of "peace" upon them; and so whether it is proposed to them in terms of a negotiated "peace" or in terms of a negotiated "victory," or in any other terms. For they will know then that the one peace possible to those who fight this war for freedom is the peace that free men make—and that the one victory conceivable to those who want their victory to serve the cause of freedom is the victory their courage and endurance win.

## Senate Defers Action On Labor Legislation

Senate consideration of restrictive labor legislation, scheduled to be taken up on April 20, was deferred until after President Roosevelt next week submits his program to Congress to combat inflation. Senator Connally (D., Tex.), whose bill to seize strike-bound war plants and freeze the labor relations in them had preferred status on the Senate calendar, acceded to a personal request from the President not to press his motion for consideration. The Senator explained, following a meeting with the President and his Congressional leaders on April 20, that Mr. Roosevelt had authorized him to say that he expects to send a message to Congress early next week "relating to the establishment of a general national policy regarding the cost of living and all factors relating thereto, including labor." Mr. Connally added that, since the request was made in the presence of the Vice-President, the Speaker of the House and the Majority Leader of the House, it was not only "personal, but official," and he felt under "imperative compulsion" to accede.

Previous postponement of labor legislation by the Senate was referred to in these columns of April 9, page 1442.

## THE FINANCIAL SITUATION

(Continued From First Page)

ing place in this country, as a single incident, although a significant one, in a long course of broadly similar events. Indeed the evangelical Mr. Willkie is by no means willing to confine his efforts to national politics or national figures. It can no longer be doubted that he fully intends to bring to bear all the influence he can exert to the end that Republican candidates or nominees for local posts, notably the Governorship of the State of New York, not only be ardent supporters of our war effort (which he is said to take for granted) but likewise outspoken and ardent advocates of Mr. Willkie's type of post-war internationalism—whatever that is—he has been none too explicit in the matter. In fine, the titular leader of the Republican Party is plainly determined, if by any means at his disposal he can, to make the Republican Party at least as internationalist as regards post-war policies as is the Democratic Party. Meanwhile the ultra-internationalist President Roosevelt so completely dominates the Democratic Party and so constantly and regularly, either directly or through his various propagandists, virtually reads out of the party any individual or group which is unable to go the full way with him in questions which have to do with foreign relations, that there can be little question of the position of the Democratic organization.

Now both the President and Mr. Willkie have repeatedly and correctly asserted that to put forward our best war effort—and nothing short of our best will answer the purpose—we must all work together in the greatest possible harmony and unity. Now both must be well aware, as every one else is, that there are a great many citizens of this country who while fully aware of the necessity of winning the war and fully prepared to do all they can to win it, are now no more than they were before Pearl Harbor internationalists of the Roosevelt or Willkie school. They must know, moreover, that these groups are to be found in both major political parties. Whether they are in the majority or the minority, taking the country as a whole, there is no way of knowing. Nor is there any way to know how the people will divide on such an issue when the war is finally brought to an end. What is certain is that this country at heart is not by any means overwhelmingly internationalist in the sense in which this term is currently employed.

### Win the War!

This country is, however, very much war-minded. It is without a shadow of doubt insistent that this war be won and won as expeditiously as may be. It is, we believe, far from satisfied with the way the war is being conducted—not so much perhaps, possibly not all, as to military operations as such, but as to the way in which what may be termed the economic and industrial aspects of the struggle are being managed. At any rate, the attention of the people is focused upon the war itself and the winning of it. In its determination that it shall be won and in its demand that any and all impediments to winning it be promptly swept aside, there is virtually complete unanimity—the "unity" which virtually all leaders have been demanding and for which a great many have been praying. It seems to us that it would be a blunder of the first order of magnitude to inject into this situation an issue which is highly controversial and surcharged with emotion. It scarcely seems to us possible that the injection of it could fail to impede the hard, grim business of winning the war by a completely united effort. Were we to venture into the realm of political strategy, we should also expect to find the injection of it to prove a political error as well, but, however that may be, we are certain that it will not help win the war.

But there is rather more involved in the current situation than the mere injection of an essentially extraneous and highly controversial issue into the approaching political campaigns. In circumstances such as those now existing the manner in which issues of this sort are injected is fully as significant as the fact that they are raised. Those who would commit us now to some undefined post-war course of what is now termed internationalism could scarcely be less statesmanlike in the presentation of their case. In this day of "smear" propaganda and political pleading this manner of supporting even this cause may not be particularly surprising, but it is to be regretted nonetheless. Even at this early date, long before the autumn campaigns really have gotten under way, there has been what appears to be a studied effort by the Washington propaganda machine—yes, and even the President and in one degree or another Mr. Willkie—to brand all dissidents with opprobrious terms—"fifth columnists," "sixth columnists," "dupes," "Cliveden Sets," "unwitting abettors of the Axis," and many more. If there has been no intent to accuse all whom the "internationalists" consider "isolationists" of being war "slackers," or some 1942 equivalent, gross carelessness in

the use of propaganda and of phrase by master phrase-makers has certainly left the impression in many minds that there was. There has been no effort to distinguish between those who dissent from proposed post-war policies and those, if any, who are luke warm supporters of the war effort or actual obstructionists. A distinct disposition is often in evidence to insinuate that pre-Pearl Harbor non-interventionists are *ipso facto* suspect.

### The Campaigning to Come

Now this is most certainly and most obviously not the way to promote unity and cooperative war effort. Nor is much imagination required to envisage what the forthcoming campaigns are to be like if cast in this mold as so many of our leaders appear determined they shall be. It would be difficult to say how much of an impression, and what sort of impression, this sort of thing is making on the rank and file. In other circumstances when peace and reasonably good feeling existed in the first place we should rather expect the American people to prove themselves too intelligent and too much under the influence of common sense, to permit this confusion of issues to be profitable to the politicians or to arouse too much animosity in their own ranks. These, however, are emotional times, hatreds abound on all sides, and we know from the experience of recent years how men like the President and those about him—to say nothing of Mr. Willkie—can play on men's passions. It may be, as a former Republican National Chairman says, that "there is a pressing need to convince our people that a man or even a party could have honestly stood against our participation in the war prior to Dec. 7, 1941, and yet since that date be eagerly and keenly desirous of rendering every assistance to the successful conduct and conclusion of the war." We should certainly hope that there is no such urgent need, but there may well be, and if there is, the coming campaigns, assuming they are conducted by the so-called internationalists as is now indicated, will certainly not be conducive to harmony or help the war effort.

If the campaigns are permitted to degenerate into such bitter and senseless contests, many issues which have a very direct and vital bearing upon winning the war will, moreover, almost unavoidably be sidetracked, or become so entangled with extraneous issues that the people will be foiled in any attempt to get first things done first. There are, we believe, quite a number of matters about which the people ought to give clear mandates this autumn, and we are much inclined to think they will if they do not become confused with irrelevancies. For one thing they will, we believe, want to tell the Administration plainly to have done for the duration with this eternal coddling of labor, pampering the farmer, and brow beating business. It likewise wishes an end at least during the war to not only many of the alphabetical agencies, such as the CCC, NYA, but likewise the *fol-de-rol* in which these multitudinous organizations have been engaged during the past eight or nine years. It, we are sure, senses the sham in the repeated assertions that these agencies are engaged in essential war work. It understands, we should suppose, the breadth of the term "essential war work" when employed by groups which condoned if they did not actively approve all the "coordinators" of the OCD when Mrs. Roosevelt and Mayor LaGuardia were in the saddle. It must realize that whatever war work these groups are doing could be done much more efficiently by organizations designed for and accustomed to getting things done rather than spending money or boondoggling.

### More Work Ahead

It has already succeeded in obliging the Administration to effect wholesome changes in the operations of the OCD, to centralize management of war production in the hands of an experienced business man, and to effect other greatly needed changes in Governmental machinery and management, but there is a great deal yet to be done. Of the remaining tasks, the general public is doubtless aware of some, but of others it needs to be told. There is the waste and extravagance, inexcusable callousness about the peoples money in the war effort and outside it, from which the attention of the people is from time to time diverted by bland assertions that the country could "stand" this or that astronomical amount of debt, or by childish reiteration of the obvious but pointless truth that it is cheaper to win the war at any price than to lose it. Of course, the people want the war won. Of course, they are willing to pay whatever is necessary to win it, but there is no reason or excuse for loading expenses upon them which are in no sense essential to winning the war, which in point of fact may well make the winning much more difficult. The fact that at best the war will cost us undreamed of billions is all the more reason to be as economical in all expenditures as circumstances permit, and to avoid altogether those which are not essential. The oft-repeated assertion that it makes little difference whether we come out of all this with a debt of two hundred or two hundred and five, ten or

twenty-five billions of dollars, comes very close to being a tacit admission that we shall go bankrupt in any event. We think the public is beginning to understand at least something of this situation, and it should have an opportunity to consider the situation calmly during the coming campaigns and to register its considered conclusions on election day.

Then there is this eternal itch to manage, to control, to regulate, to run everything from Washington. It appears to be supposed by many that the more regulation we have, the more everything and everybody is obliged to await word from Washington before doing anything, the better we are getting along with this war. This type of doctrine has been so assiduously preached for so long that it is to be feared that the rank and file have almost come to take its essential truth for granted. Yet precisely the opposite is true. Of course, a very considerable amount of control and regulation of many things is essential to such a war effort as we have set out upon, but there are likewise many things that had best be left to manage themselves. We suspect we are already suffering from over-regulation. Certainly any such total regimentation of the country and everybody and everything in it as is now under discussion in Washington would be a most serious burden for the war effort to be obliged to carry. It is all very well to set down on paper grandiose schemes for "total war"; it is quite another to make such schemes work in actual practice. Here is a subject which should be thoroughly threshed out during the autumn campaigns.

**Other Issues**

There are many others. There is the thoroughly foul campaign to make what at worst are violations of the anti-trust laws appear to be subversive activity on the part of American patriots. At times it is made to appear that the managers of our large corporations are under obligation to guess who is to be our next enemy and when—and in addition to devise some way of knowing what will later be adjudged good for this country and any allies which we may meanwhile acquire. Then there is the related question of the bearing of our anti-trust laws upon activities that American corporations are now asked, not to say ordered, to engage in. A good many of them without question would under ordinary circumstances collide with these laws. All the assurance that business men have been able to obtain that they will not at some later date be haled into court as a result of much of the cooperation now demanded is the promise—if it is a promise—of officials now holding office in Washington. There is need for legislation to provide the protection that is allegedly given, but which is not worth a great deal as experience shows.

These and similar problems and questions are those which should be the warp and woof of the political debates this summer and autumn. They are not likely to be if effort is to be made by the Administration and the leaders of the Republican Party, or either of them, to have adherence to some nebulous policy of internationalism for the post-war years a *sine qua non* of holding public office.

**Nelson Cites Responsibilities Of Editors; Sees Daylight Ahead In Nation's War Effort**

In telling the American Society of Newspaper Editors that "we have not yet won our battle of production," Donald M. Nelson, Chairman of the War Production Board, added however that "I honestly believe that we have passed the turning point. During the next year or so, he said, "we are going to work harder and sweat harder than ever before in our lives. But we can see ourselves working toward victory."

Mr. Nelson, who spoke at the Society's annual banquet, at the Waldorf-Astoria Hotel in New York on April 17 told the gathering that "we are beginning to get in America today one of the most encouraging things any American could hope to see—a genuine, whole-hearted spirit of cooperation between big business, little business, labor and Government." "And it is coming," he said, "at a time when we can see daylight ahead in our whole war production effort. We are over the hump on war production." "Today," he continued, "the combined production of America, Russia and England undoubtedly is greater than the combined Axis production."

Pointing out that newspaper editors "have today the greatest responsibility that has ever been put upon you," Mr. Nelson said:

"The people of America are depending on you to give them a clear picture of their situation. They are depending on you to be fair—to put the good

of the whole country ahead of any personal or partisan interest. They are depending on you to give them the facts—all of the facts, within the limits imposed by military necessity, and not just selected facts arranged to prove a case.

What does all of this mean, in concrete terms?

It certainly does not mean that the press must abstain from criticism, or that it must not present any unpleasant facts. It is of course precisely in a critical hour like this one that the right to criticize, and the right to point to unpleasant facts, are of the highest importance to all of us. Yet in all humility I would like to suggest that the exercise of those rights today must be governed as never before by the clearest intelligence, the keenest devotion to the public good, the most careful weighing of the effect of the printed word.

If his consciousness of his re-

sponsibility now and then leads an editor not to print something which otherwise he might print, I believe it should in many more cases lead him to redouble his effort to give his readers the most complete picture possible of what is going on around them. It may, in other words, lead him to print more, not less, so that his readers can have all of the facts upon which to base their decisions.

Take the recent furore over the 40-hour week as an example.

There is certainly room for two opinions as to the merits of the 40-hour week. My own opinion happens to be that it would be a grave mistake at this time, when our whole wage structure is keyed to the practice of paying time and one-half for all work in excess of 40 hours, to abolish that law. But in the recent argument about this matter, the amazing fact developed that large numbers of Americans believed that the 40-hour week law was a law which prevented American workers from working more than 40 hours a week under any circumstances. The people who believed that were very naturally indignant; and their indignation naturally took the form of demanding that the law be abolished without the slightest delay, so that we could get into full-time war production.

Speaking as a layman, an ordinary newspaper reader—one of your customers, if you please—it seems to me that part of this difficulty may have been due to the fact that some papers fought this issue out on a partisan basis rather than by presenting all of the facts on both sides and giving the public the chance to decide. The public anger that was generated created a difficult situation and most assuredly did our war effort no good whatever. I think the press could have prevented that situation from becoming serious by the simple process of making certain that everyone understood precisely what the 40-hour law really is.

**Voluntary Censorship Called Up To Editors**

Byron Price, Director of Censorship, told newspaper editors on April 16 that once more freedom of the press is on trial and warned that the continuance of the present system of voluntary censorship depends on the publishers and editors who control the policies of individual publications.

In a talk before the annual convention of the American Society of Newspaper Editors, at New York City, Mr. Price said that the present voluntary censorship is in effect largely because President Roosevelt "has put his confidence in your patriotism and your understanding and has turned his back on those who argue that only compulsory censorship can be effective."

"It will be an unhappy day for all of us," he added, "if it is found that that confidence was misplaced. I personally do not believe that such a day will come. Whether it does is up to you."

Mr. Price also said that there was no contest on censorship "between the Government and the editor" since both "are on the same team."

**Finance Cuba Nickel Plant**

The War Production Board announced on April 15 that the United States will finance a \$20,000,000 project in Cuba for production of critically needed nickel. According to the Associated Press, the Nicaro Nickel Co., with funds supplied by the Reconstruction Finance Corporation, will build and operate the plant for the United States Government, processing low-grade ores underlying a large plateau area of northeastern Cuba; WPB said:

**U. S. Chamber Of Commerce Proposes Retail Sales Tax, 5% Gross Income Levy**

A tax program designed to yield more than \$11,000,000,000, mainly through a graduated retail sales tax and a 5% levy on gross incomes, was recommended to the House Ways and Means Committee on April 14 by the United States Chamber of Commerce through the Chairman of its Federal Finance Committee, Ellsworth C. Alvord. Also recommended by the Chamber were revised taxes on excess profits reaching as high as 100% during the war period, "but only after every effort has been made to define true-normal profits."

The Chamber's recommendations, which, according to Mr. Alvord, conform to the general principles advocated by Secretary of the Treasury Morgenthau more than do the Secretary's own program, are:

1. A 100% top rate of tax upon excess profits but only after every effort has been made to define true normal profits.
2. A corporate normal tax of 25% and a war tax of 10%, with appropriate adjustments for corporations having net incomes of less than \$25,000.
3. Increased individual normal and surtaxes to produce at current income levels an additional \$1,000,000,000.
4. A retail sales tax, without exemptions (except for direct governmental purchases) at an effective rate approaching 10%, with appropriate graduations for necessities and luxuries.
5. Corresponding excise taxes upon services, etc., which are not subjected to the retail sales tax.
6. A 5% withholding tax, collected at the source, on payments of compensation, dividends and interest to individuals.
7. The allowance of a deduction (limited to 20% of net income) to both individuals and corporations, for the amount invested by individuals or corporations in non-negotiable Government bonds, but negotiable and bearing 2% interest immediately upon the cessation of hostilities, payable in five annual instalments beginning immediately after the war, and taxable, when paid, at capital gain rates, but not to exceed 15%.
8. Retention of the provisions applicable to capital gains and losses in substantially their present form.
9. Essential improvements in the so-called technical provisions of the present law.
10. The formulation of new Federal security issues designed to attract maximum additional borrowings from individuals, corporations and savings institutions.
11. The elimination of all non-essential Government activities.
12. The reduction, to the bone, of all essential non-war activities.

Mr. Alvord particularly stressed the need to devise now a tax program, especially in regard to individual and corporate income taxes, to last for the duration of the war.

With the adoption of the recommendations he presented, Mr. Alvord estimated the Treasury's receipts during each year of the war (assuming current income levels) should aggregate more than \$30,000,000,000. "The Treasury proposal to levy another \$3,200,000,000 on existing individual taxpayers," said Mr. Alvord, "is unsound, unjust and unnecessary." He added: "It will be collected from savings, not from consumption expenditures; and principally from the savings of the middle income group with earnings of \$3,000 to \$20,000. It will paralyze private investment, which is dependent upon the group able to save a part of its income. It will confiscate small savings bank accounts, life insurance policies, funds accumulated for education or for old

age. But it will have no effect in controlling inflation.

Roy S. Osgood, Vice-President of the First National Bank of Chicago and a member of the Chamber's Federal Finance Committee, was also heard by the House Committee on April 14. His remarks concerned what was termed the "crushing effects" of the estate and gift tax increases which the Treasury has proposed. He said enactment of the Treasury rates would make estate taxes in this country greater than those in Britain and Canada.

"Few estates have large amounts of liquid assets," Mr. Osgood said. "Therefore it becomes necessary to sell a considerable portion of the estate's assets at death. Such sales have a dislocating effect at a time when every effort is being made to preserve stability. This is especially true when the estate consists primarily of a productive business.

"A heavy tax may compel the sale of sufficient capital stock some cases the sale of the stock to cause loss of control and impairment of both the incentive and valuable management policies that enable the business to produce the things that are now vital to existence," he said. "In is impossible and actual liquidation of the business is necessary, resulting in a complete loss of productive capacity."

Mr. Osgood also stated: "The injurious effects upon industry of excessive estate taxes are unfortunately not confined to the particular company involved in the estate. All who are engaged in such enterprises are directly affected. The resulting demoralization impairs the productive capacity of the Nation.

Productive capacity means not only the production of war goods and services but the production of a flow of income that can be annually taxed. An extreme estate tax—essentially a capital levy—has no place in an emergency fiscal policy.

**Assumes Freighter Tonnage**

The War Shipping Administration has requisitioned for use by the Government all essential ocean-going tankers and dry-cargo vessels owned by American citizens, it was announced on April 18 by Admiral Emory S. Land, head of the WSA. The action, affecting "several hundred vessels," which have not been previously acquired by the Government, was taken under the Merchant Marine Act of 1936, which states:

Whenever the President shall proclaim that the security of the national defense makes it advisable or during any national emergency declared by proclamation of the President, it shall be lawful for the (Maritime) Commission to requisition or purchase any vessel or other water craft owned by citizens of the United States, or under construction within the United States.

**Change In Officers**

U. C. LeGost, Assistant Secretary of the New York State Savings Banks Association, has resigned his position effective April 20, to join Edwin Bird Wilson, Inc., New York advertising counsel. Walter R. Williams, Assistant Secretary of the Franklin Savings Bank, has been appointed to take the position of Executive Secretary on May 1.

## Hearings On Tax Proposals Concluded; Administration Restrictions On Limit Foreseen

Hearings were concluded on April 17 by the House Ways and Means Committee on taxation proposals submitted in furtherance of the Administration's program for the raising of additional revenue to finance the war. The hearings were opened on March 3 with the presentation to the Committee of the recommendations of Secretary of the Treasury Morgenthau, which were given in detail in our issue of March 5, page 952, and various items have since appeared bearing on the views laid before the Committee. On page 1541 in our April 16 issue extended reference was made to the more recent hearings. As was stated herein on March 5 Mr. Morgenthau, in laying the program before the Committee, summed up his proposals (except for Social Security) this way:

From increased individual income taxes	\$3,200,000,000
From increased corporation taxes	3,060,000,000
From increased estate, gift taxes	330,000,000
New and increased excise taxes	1,340,000,000
From plugging loopholes	680,000,000
Apparent total	\$8,610,000,000
Less conflicting taxes	1,000,000,000
Net total increase	\$7,610,000,000

Indications that the Administration will at this time restrict the proposed revenue raising measure to the \$7,600,000,000 limit recommended by the Treasury some weeks ago, were given on April 15, following a conference held that day between President Roosevelt and Chairman Doughton of the House Ways and Means Committee. From Washington April 15 advices to the New York "Times" had the following to say:

Mr. Doughton had sought the conference with Mr. Roosevelt because of indications emanating from the administration that the pending war revenue bill might be used as the vehicle for inflation control, through higher tax rates. He said the way was open to Congress to increase the revenue if it desired.

While he would not discuss the question openly, committee members who talked with Mr. Doughton obtained the impression he had informed Mr. Roosevelt that even the \$7,610,000,000 revenue goal could be attained only through some form of sales tax.

Mr. Doughton did say that the question was an "open" one, indicating that a sales levy, in addition to moderate increases in individual and corporate taxes, would form probably the biggest question the committee would have to decide when it started executive sessions next week to begin writing the record revenue measure.

Mr. Roosevelt as well as Secretary Morgenthau, has opposed a sales levy, but it was understood from reliable sources that both regard such a tax as probable, even though they do not intend to cease opposing it.

On the previous day (April 14) the Administration was reported to be opposed to seeking new drastic tax increases to forestall inflation. The Associated Press on that date in its account from Washington stated:

Secretary of the Treasury Henry Morgenthau, Jr., was represented by his aids as believing the present \$7,600,000,000 tax program was sufficient, that voluntary purchases of war bonds could be stepped up to \$11,000,000,000 a year thus absorbing excess purchasing power, and that consumer merchandise should be rationed.

He was understood to be opposed to most of the plans fathered by a group led by Price Administrator Leon Henderson and Marriner S. Eccles, Chairman of the Federal Reserve Board, who reportedly favor not only a much stiffer tax program but a simultaneous assault on all important inflationary factors as well. This would mean freezing of nearly all wages and prices, compulsory war bond purchases, profit limitations, and general retail credit controls.

The question of increasing the revenue measure was raised by Leon Henderson, Federal Price Administrator on April 8 according to Washington advices appearing in the "Times" on that date, stating that he had discussed it with Secretary Morgenthau and Marriner S. Eccles, Chairman of the Federal Reserve System Board of Governors.

Under the date indicated (April 8) the "Times" said in part: Mr. Henderson had luncheon with President Roosevelt today. When he emerged from the White House, he said that the general price level "is of a highly explosive character but has not been touched off."

He did not reveal what action he and the President had discussed, but it was understood that taxes had not been taken up with the Chief Executive since no definite conclusions have been reached in the conferences with the Treasury and the Federal Reserve Board.

In Mr. Henderson's opinion, the tax measure now pending in Congress will absorb only about one half of the "inflationary gap," and the remaining excess purchasing power is too large to be handled effectively by mere price controls.

Taxes, he feels, form the keystone of the anti-inflation arch. On April 13 Secretary Morgenthau advised the Committee that he advocated a continuation of the voluntary savings program, reiterating to the Committee a previous statement that he wanted to try out the voluntary system at least until July 1. With this was coupled a statement by Mr. Morgenthau that the Treasury plans to "ring every door bell in the country once a month" in an effort to increase the voluntary purchase of war savings bonds. The Associated Press, from which we quote, also stated:

Earlier Mr. Morgenthau had introduced to the committee witnesses representing the General Motors Corp. and labor who told of the company's voluntary pay roll deduction plan. The Secretary said that General Motors had "done a very fine job" and he hoped that 50,000,000 workers could be reached through such a program.

He expressed the belief that enthusiasm could be "instilled only by the volunteer" method and said he believed when each employer decided "this is to be done, it will go a long way" toward winning the war.

Walter Reuther, an officer of the United Automobile Workers, CIO, told the committee "We believe that the voluntary method is the real way to mobilize the workers," and said, "we are trying to get our people to divert 20% of their income to war bond purchases."

On April 16 Randolph Paul, Tax Adviser to the Secretary of the Treasury urged before the Committee the elimination of the

present 27½% depletion allowance for oil wells and mines, as to which he said:

In statements before your committee on March 3, 1942, the Treasury recommended the elimination of (1) percentage depletion and (2) the privilege available to the oil and gas and mining industries of expensing development costs. Several witnesses have appeared before your committee in opposition to these recommendations. I should like now to present evidence supporting the Treasury's position and to refute the arguments made by the representatives of these industries in favor of existing provisions of the statute.

The Treasury believes that the favored treatment to a particular industrial group involved in percentage depletion should not be retained in an all-out war tax program. Percentage depletion does not appreciably stimulate exploration and discovery. It is not essential to the maintenance of the output of stripper wells. Its elimination will in no way endanger the supply of raw materials needed for the war effort. The continuance of the special privilege involved in percentage depletion would allow the oil and mineral industries to escape their fair share of the tax burden at a time when millions of small taxpayers are being asked to save and sacrifice for the winning of the war. The continuance of the provision at such a time cannot but adversely affect the morale of the American taxpayer.

It is estimated that at 1942 business levels and proposed 1942 tax rates the elimination of percentage depletion and the substitution of cost depletion will increase the revenue by \$117 million. Approximately 75% of this total is accounted for by oil and gas properties, the rest by sulphur, metal, and coal mines.

Mr. Paul concluded his extended statement by saying:

The Treasury has made many studies of percentage depletion and related allowances in the past several years. It has given careful consideration to the objections repeatedly advanced against the elimination of these special allowances. These objections have been re-examined in the light of the special needs for the war program. It is found that the elimination of percentage depletion and the expensing of development costs will not interfere with the war effort, will yield about \$206 million of much needed revenue, and will remove from the statute a long standing and inequitable privilege. Thus, it will contribute substantially to the war effort in terms of national morale.

At the same time, Mr. Paul, referring to the Treasury's proposal to tax the income of outstanding and municipal bonds, is reported as saying that he saw no moral or legal obstacle thereto.

Mr. Paul completed his testimony on April 17 in favor of reducing depletion allowances and revising the capital gains tax.

On April 14, the American Bankers Association, represented by Charles H. Mylander, Vice-President of the Huntington National Bank of Columbus, Ohio, advocated a number of technical administrative changes in the tax code, it was stated in the "Wall Street Journal", which in its Washington advices likewise said:

He proposed that since the "stock in trade of banks is money or credit," the present requirement that banks treat their investments in bonds as capital assets be removed. He pointed out that in 1932 when Congress first placed restrictions upon deductions of losses from the sale of capital assets

these restrictions were not made applicable to banks.

William A. Stark, Vice-President of the Fifth Third Union Trust Co., Cincinnati, Ohio, also appearing as a representative of the ABA, declared that the Treasury plan to change the method of determining the gain or loss upon the sale of inherited property would impose "a tremendous burden upon estates and beneficiaries of estates."

On April 15, tobacco belt spokesmen, headed by Governor Broughton of North Carolina, opposed any wartime increase of Federal taxes on cigarettes and smoking tobacco. The Associated Press reported:

He said that besides decreasing tobacco consumption higher taxes would depress the price to farmers.

H. M. Robertson, general counsel of the Brown & Williamson Tobacco Co. of Louisville, told the committee he favored the Treasury proposal. He challenged Governor Broughton's statement that higher levies would decrease consumption.

He also supported the proposed differential between "economy" and standard brands of cigarettes. He insisted that tobacco taxes had no effect on the farmer.

"This is a consumer's tax," said Mr. Robertson. "It is not a tax on the farmer."

Representatives of the distilled spirits industry appeared before the Committee on April 14 in opposition to the Treasury's recommendation for increases in the liquor tax from \$4 to \$6 a gallon, the fourth advance proposed since 1934. As to this Washington advices to the New York "Herald Tribune" also said:

As pointed out to the Committee by Munson W. Shaw, of New York, spokesman for a group of organizations, the tax on distilled spirits in 1934 was \$2 a gallon. In 1938, it went to \$2.25; in 1940, to \$3 and in 1941, to \$4.

Appearing also in opposition to the liquor tax were Harry L. Lourie, of the National Association of Alcoholic Importers; John Law, executive secretary and general counsel of the National Alcoholic Beverage Control Association, and Lawrence H. Eldredge, President of the Pennsylvania Alcoholic Beverage Study, Inc.

With respect to the concluding hearing on April 17, Washington advices to the New York "Times" said:

As representative of the National Association of Broadcasters, Ellsworth C. Alvord of Washington submitted a brief today opposing a tax—proposed by the Allied Printing Trade Council—on radio time sales. He cited that the tax was not recommended by the Treasury and declared that it was against the interests of labor generally and would seriously jeopardize the industry's war effort.

S. Clay Williams, President of the R. J. Reynolds Tobacco Company, declared that an increase in the cigarette tax would cut sales and affect tobacco growers adversely.

## Authority For War Materials To BEW

President Roosevelt on April 13 transferred by executive order control over imports of strategic and critical war materials from the Reconstruction Finance Corporation and subsidiaries to the Board of Economic Warfare, which is headed by Vice-President Wallace.

The effect of the order is to transfer this authority from Jesse Jones, Secretary of Commerce and head of the Government's lending agencies.

## President Proclaims Nat'l Employ'm't Week

President Roosevelt on April 13 proclaimed the week beginning May 3 as National Employment Week and Sunday, May 3 as National Employment Sunday, urging that the "unemployed men and women over 40 may be given the opportunity to take their place in and add their efforts to the war production program of the country." The President called for the observance of the week by churches, civic groups, chambers of commerce, boards of trade, veterans' organizations, industry, labor, public-spirited citizens, the press and radio throughout the United States. "While inviting the attention of private industry to the necessity for training and employing older men and women," said the President in his proclamation, "I am also hereby calling upon all Federal agencies taking part in the training of workers in various skills to intensify their training activities for older workers in order that we may utilize our full manpower." In his proclamation the President also said:

Annually for the past three years I have designated a National Employment Week, urging all people of the Nation to give particular attention to the employment problem of older workers, and especially of veterans of the last World War. It is fitting to remember, with respect to the latter, that these men who were in the ranks of America's military forces in 1917 and 1918 not only can serve, but are vitally needed in the ranks of industry and agriculture today. They had something to give in youth and valor then; they have something to give in experience and skill today.

There is a place for these men and other workers past 40 in the gigantic war production program in which we are engaged. There is a place for them in jobs for which they are already fitted, and there is a place for them in job-training courses designed to build up the skills of the Nation's manpower. While employment in many industries not essential to the prosecution of the war will be diminished, it is also true that as the war program accelerates, many Americans not now regularly employed will be called upon to take an active part in production vital to the war effort. Yet it is not on a basis of patriotism alone that employers are urged to open their doors to older workers, but on the basis of sound business sense as well, for it should not be forgotten that these older workers have qualifications that younger persons lack. Work experience, stability, and responsibility are assets we cannot afford to waste in this crisis.

The U. S. Employment Service with its far-flung network of full-time and part-time public employment offices has always made special efforts in behalf of workers past 40 years of age. It is making them today. But it can be successful in placing men and women of middle years only to the extent that all employers cooperate, those in war industries, those in the manufacture or exchange of civilian goods, those in food production.

## Gen. Hugh Johnson Dies

Brig. Gen. Hugh S. Johnson, organizer of the NRA and newspaper columnist, died of pneumonia on April 15 at his Washington hotel. He was 59 years old.

## President Creates Man-Power Commission For Most Effective Mobilizing And Use Of Labor

President Roosevelt on April 18 established a War Manpower Commission, headed by Federal Security Administrator Paul V. McNutt, for the purpose of assuring the most effective mobilization and maximum utilization of the Nation's manpower in the prosecution of the war. The Commission is also to consist of a representative of each of the Departments of War, Navy, Agriculture and Labor, the War Production Board, the Labor Production Division of the WPB, the Selective Service System and the United States Civil Service Commission.

Mr. McNutt, under the executive order, will formulate plans and programs and establish basic national policies to provide for the mobilization and utilization of the national man power; estimate the requirements of man power for industry; review all other estimates of needs for military, agricultural and civilian man power; coordinate the collection and compilation of labor market data, regulate recruitment, vocational training and placement of workers in industry and agriculture, and formulate and recommend legislation governing civilian man power.

A White House statement explained that Mr. McNutt, as Federal Security Administrator, had been performing "many of the functions which he will continue to perform as Chairman of the Man-Power Commission. The new position will, however, give him the additional power to furnish the over-all direction of the entire program."

Mr. McNutt receives power to issue directives, regulations and standards to various agencies, among them being the Selective Service System "with respect to the use and classification of the man power needed for critical industrial, agricultural and governmental employment."

The White House announced at the same time the reorganization of the WPB Labor Division into a Labor Production Division, transferring its labor supply functions to the Man-Power Commission. Sidney Hillman, head of the Labor Division, is made a "special assistant to the President on labor matters," a position similar to that held by Harry Hopkins on Lend-Lease and Munitions Allocations.

The text of the President's executive order setting up the Man-Power Commission follows:

By virtue of the authority vested in me by the Constitution and the statutes, including the first war powers act, 1941, as President of the United States and Commander in Chief of the Army and Navy, and for the purpose of assuring the most effective mobilization and utilization of the national man power, it is hereby ordered:

1. There is established within the Office for Emergency Management of the executive office of the President a War Man-Power Commission, hereinafter referred to as the Commission. The Commission shall consist of the Federal Security Administrator as Chairman, and a representative of each of the following departments and agencies: The Department of War, the Department of Navy, the Department of Agriculture, the Department of Labor, the War Production Board, the labor production division of the War Production Board, the Selective Service System and the United States Civil Service Commission.

2. The Chairman, after consultation with the members of the Commission, shall:

a. Formulate plans and programs and establish basic national policies to assure the most effective mobilization and maximum utilization of the nation's man power in the prosecution of the war; and issue such policy and operating directives as may be necessary thereto.

b. Estimate the requirements of man power for industry; review all other estimates of needs for military, agricultural and civilian man-power; and direct the several departments and agencies of the government as to the proper allocation of available man power.

c. Determine basic policies for, and take such other steps as are necessary to co-ordinate, the collection and compilation of labor market data by Federal departments and agencies.

d. Establish policies and prescribe regulations governing all Federal programs relating to the recruitment, vocational training, and placement of workers to meet the needs of industry and agriculture.

e. Prescribe basic policies governing the filling of the Federal government's requirements for man power, excluding those of the military and naval forces, and issue such operating directives as may be necessary thereto.

f. Formulate legislative programs designed to facilitate the most effective mobilization and utilization of the man power of the country; and, with the approval of the President, recommend such legislation as may be necessary for this purpose.

3. The following agencies shall conform to such policies, directives, regulations and standards as the Chairman may prescribe in the execution of the powers vested in him by this order, and shall be subject to such other co-ordination by the Chairman as may be necessary to enable the Chairman to discharge the responsibilities placed upon him:

a. The Selective Service System with respect to the use and classification of man power needed for critical industrial, agricultural and government employment.

b. The Federal Security Agency with respect to employment service and defense-training functions.

c. The Work Projects Administration with respect to placement and training functions.

d. The United States Civil Service Commission with respect to functions relating to the filling of positions in the government service.

e. The Railroad Retirement Board with respect to employment service activities.

f. The bureau of labor statistics of the Department of Labor.

g. The labor production division of the War Production Board.

h. The Civilian Conservation Corps.

i. The Department of Agriculture with respect to farm labor statistics, farm labor camp programs, and other labor market activities.

j. The office of defense transportation with respect to labor supply and requirement activities.

Similarly, all other Federal departments and agencies which perform functions relating to the recruitment or utilization of man power shall, in discharging such functions, conform to such policies, directives, regulations, and standards as the Chairman may prescribe in the execution of the powers vested in him by this order; and shall be subject to such other coordination by the Chairman as may be necessary to enable the Chairman to discharge the responsibilities placed upon him.

4. The following agencies and functions are transferred to the War Man Power Commission:

a. The labor-supply functions of the labor division of the War Production Board.

b. The national roster of scientific and specialized personnel of the United States Civil Service Commission and its functions.

c. The office of procurement and assignment in the office of defense health and welfare services in the Office for Emergency Management and its functions.

5. The following agencies and functions are transferred to the office of the Administrator of the Federal Security Agency and shall be administered under the direction and supervision of such officer or employee as the Federal Security Administrator shall designate:

a. The apprenticeship section of the division of labor standards of the Department of Labor and its functions.

b. The training functions of the labor division of the War Production Board.

6. The national roster of scientific and specialized personnel transferred to the War Man Power Commission and the apprenticeship section transferred to the Federal Security Agency shall be preserved as organizational entities within the War Man Power Commission and the Federal Security Agency respectively.

7. The functions of the head of any department or agency relating to the administration of any agency or function transferred from his department or agency by this order are transferred to, and shall be exercised by, the head of the department or agency to which such transferred agency or function is transferred by this order.

8. All records and property (including office equipment) of the several agencies and all records and property used primarily in the administration of any functions transferred or consolidated by this order, and all personnel used in the administration of such agencies and functions (including officers whose chief duties relate to such administration) are transferred to the respective agencies concerned, for use in the administration of the agencies and functions transferred or consolidated by this order; provided, that any personnel transferred to any agency by this order, found by the head of such agency to be in excess of the personnel necessary for the administration of the functions transferred to his agency, shall be re-transferred under existing procedure to other positions in the government service or separated from the service. So much of the unexpended balances of appropriations, allocations, or other funds available for the use of any agency in the exercise of any function transferred or consolidated by this order or for the use of the head of any agency in the exercise of any function so transferred or consolidated, as the director of the Bureau of the Budget with the approval of the President shall determine, shall be transferred to the agency concerned, for use in connection with the exercise of functions so transferred or consolidated. In determining the amount to be transferred, the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer or consolidation.

9. Within the limits of such funds as may be made available for that purpose, the Chairman may appoint such personnel and make provision for such supplies, facilities and services as

## Dispute Treasury Views On Capital Gains Tax; Proposed Impost Called Unjustifiable

In a joint statement issued April 15, Emil Schram, President of the New York Stock Exchange, Elisha M. Friedman, consulting economist, and Robert B. Dresser, member of the executive committee of the American Taxpayers' Association, Inc., dispute the views recently expressed by Randolph Paul, tax adviser of the Secretary of the Treasury, with respect to the Boland bill, taxing all capital gains without distinction as to the holding period at a flat rate of 10%.

Mr. Paul's testimony, giving the Treasury Department's views on the treatment of capital gains and losses, was made before the House Ways and Means Committee on March 30 and was referred to in these columns April 2, page 1344. In their joint statement, Messrs. Schram, Friedman and Dresser state that in opposing the Boland bill and in advocating the proposals previously made by the Treasury Department, Mr. Paul argues in substance as follows:

1. Capital gains are income and should be taxed as such, short-term gains (which are those received within the holding period of 18 months) as ordinary income, and long-term gains on a more favorable basis; capital losses should be allowed as deductions only from capital gains; and since other income is to be taxed at rates up to 90%, a 10% rate on capital gains cannot be justified.

2. The capital gains tax does not have the harmful economic effects claimed by the proponents of the Boland bill.

3. The enactment of the Boland bill, taxing all capital gains without distinction as to the holding period at a flat rate of 10%, would result in a loss in revenue and would facilitate tax avoidance.

Following a discussion of the above points, the joint statement submits in conclusion and by way of summary, that:

1. The taxation of capital gains is unsound, since capital gains are in reality capital; and as soon as the present emergency is over the tax on capital gains should be completely repealed.

2. Equity and justice require that the taxation of capital gains as income should be accompanied by the correlative right to deduct capital losses from income. However, in the light of past experience it is not unreasonable to expect that in the future capital losses will exceed capital gains and that the resulting revenue would be a minus quantity.

3. The economic effects of the capital gains tax are decidedly harmful.

4. The Boland bill would produce substantial revenue. This revenue would be much higher than that produced under the present law, or under the Treasury proposals. Since the purpose of the tax on capital gains is to raise revenue, the terms of the Boland bill should be adopted. If they do not accomplish the anticipated results the law can readily be changed. There is not much to lose in trying the experiment, since the present law produced but \$12,000,000 from capital gains in 1940, and, it may be, even less in 1941, to say nothing of the disproportionately high cost of collection due to the large

amount of litigation regarding the capital gains tax.

A detailed analysis of the subject prepared by Mr. Friedman has also been filed with the House Committee.

Mr. Schram previously expressed his views on the capital gains tax, which he characterized as defeating "its own purpose as a revenue-raising measure" in his appearance before the House Ways and Means Committee on March 20; incidentally he had something to say at the same time regarding the Boland bill, and his views at that time were given in our March 26 issue, page 1225.

FRANKLIN D. ROOSEVELT,  
The White House,  
April 18, 1942.

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## U. S., Haiti Agree On Defense And Trade Plan

The State Department announced on April 13 that agreements have been reached with the Republic of Haiti designed to materially strengthen the military, naval and economic position of the Caribbean country. The accords, set forth in a memorandum signed on April 6 by President Elie Lescot of Haiti and Acting Secretary of State Sumner Welles, provide for assisting Haiti in defense matters; purchasing Haiti's surplus cotton for the duration of the war; strengthening dollar exchange by an extension of credit, and a plan for greater cultivation of sisal.

The arrangements came as a result of a series of conferences between officials of the two countries on the recent visit to Washington of President Lescot (noted in our issue of April 2, page 1333).

Regarding the agreements, the Associated Press reported:

The State Department said the Government was taking steps to install artillery for Haiti's coastal defense, provide vessels for Coast Guard and patrol purposes in Haitian waters, make military aircraft available to the Haitian Army, overhaul and repair Haitian ships to be used for coastal patrol duties and construct a marine railway at Port-au-Prince.

The cotton agreement provides that the Commodity Corporation will take over at an agreed but unannounced price, the carry-over of cotton from last year's crop as well as the 1942 surplus.

The United States also agrees to purchase, subject to an agreed price and within specified limitations, the 1943 cotton crop and all subsequent crops produced in Haiti for the duration of the war. Haiti agrees to restrict cotton production and improve the crops quality and staple length.

The sisal agreement provides for planting of approximately 24,000 additional acres of this fiber product in Haiti.

## Chains Maintain Trend

March chain store sales, according to the usual monthly survey issued on April 15 by "Chain Store Age," established a new seasonal high mark. The index for the month was 169 compared with 165 in February, and with 128 in March, 1941, all figures relating to the base period 1929-1931 taken as 100.

The index figures for March by trade groups, compare as follows:

	Mar., '42	Feb., '42	Mar., '41
Grocery	161	160	119
Variety	170	167	132
Drug	170	176	154
Shoe	225	208	163
Apparel	208	178	144

## Wheat Crop Forecast Indicates Two Years Supply For Next Season

Wheat production in the United States this year is forecast by the Department of Agriculture at approximately 793,000,000 bushels. The total includes 624,983,000 bushels of winter wheat, as estimated in the regular April 1 crop report and to this the Department has added an early approximation of the spring crop. In addition, carryover of old wheat next July 1 is reckoned at 630,000,000 bushels, which means that a total supply of about 1,423,000,000 bushels will be available in the coming crop year. Inasmuch as domestic disappearance averages only about 675,000,000 bushels annually, the outlook is that available wheat supplies in the next year will amount to more than double domestic requirements. Exports in recent years have not drawn heavily on United States wheat and are estimated at only 21,000,000 bushels during the current crop year, which ends next June 30. In the preceding year, 37,000,000 were shipped abroad.

With so large a surplus in view it is not remarkable that the Agriculture Department has urged farmers not to expand production of wheat. In fact it is the only crop in the "Food for Freedom" program with a 1942 goal less than 1941 production. The wheat goal was set at 88% of last year's output and the estimated area planted to winter and spring wheat, 54,605,000 acres is just about that percent of the 62,404,000 acres seeded a year ago. Present prospects, however, do not indicate a corresponding reduction in production, at least for winter wheat. The reason is that yield per acre is estimated at 16.1 bushels per acre compared with 14.7 bushels in 1941 and an average of 11.8 bushels in the 10 years 1930-39. Consequently, the harvest is only expected to drop about 7% to 624,983,000 bushels from 671,293,000 bushels in 1941.

Farmers have been asked to hold down their wheat plantings particularly in order to devote the land to more vitally needed crops. Among such crops are those providing vegetable oils. These crops are required in larger quantities to prevent shortages which might result from decreased imports and rising demand on account of the munitions program. The goal for peanuts, for instance, has been set at 255% of 1941 production, soybeans at 154%, and flaxseed at 134%.

Aside from the necessity to utilize acreage for crops most needed for the "Food for Freedom" program, there is also the consideration of storage space. Storage was taxed to capacity in handling the 945,937,000-bushel crop and 385,000,000 bushels carryover in 1941. The problem will be much more troublesome this year with the largest carryover in history and the substantial crop in prospect. An effort is being made to relieve congested warehouses and terminals and at the same time provide feed for larger dairy herds and greater livestock and poultry production by selling government-wheat to farmers at prices comparable to those for corn. In addition wheat is being sold for the production of alcohol. Neither type of disposal, however, is expected to account immediately for any sizable decrease in the total wheat supply.

### Farley Heads USO Unit

James A. Farley, former Postmaster General and Chairman of the Board of Coca-Cola Export Sales Co., has accepted the chairmanship of the National Corporations Committee of the USO War Fund Campaign, it is announced by Prescott S. Bush, National Campaign Chairman. In announcing Mr. Farley's willingness to serve, Mr. Bush said the acceptance places him in one of the key units of USO's nationwide appeal for \$32,000,000, to be launched May 11 and to continue until July 4.

## Two Or Three Years Of War Seen By FDR

President Roosevelt declared on April 14 that "we are going to have a couple of years, perhaps three years, before we can make sure that our type of civilization is going to survive." Speaking informally before the Governing Board of the Pan-American Union at the White House, on the occasion of Pan-American Day, the President stated that we are going places and added he was perfectly confident that in the long run "we are going to come out the winner."

With regard to his asking for names for the present conflict, Mr. Roosevelt told the Pan-American delegates that his own thought is that it should be called "The Survival War" since that is what it comes pretty close to being.

He expressed hope for continuance of hemisphere unanimity of the past and asserted that the American nations will have a "very great voice" in planning the peace. The President's remarks follow:

Do not let us be formal. We are not having any formalities today, because whenever I make a speech it takes me one week to prepare it, and I have no spare weeks at the present time.

I think it is a fine thing that again we are celebrating Pan-American Day. I hope that we are celebrating it in every republic, because I think it has more significance this year than at any previous time in the history of the hemisphere. I know that some of you have—one or two of you have—certain problems back home. And I do think that the idea is being understood more than ever before what would happen if any part of any of the hemisphere were dominated by a successful Germany.

We wouldn't live the same kind of lives—that is the easiest way of putting it. Because that new—not the old German civilization—that new German civilization is so totally different from what all of us have been accustomed to since we were born. I shudder to think of what would happen to any part of the hemisphere that came under German domination.

So I am looking for a word—as I said to the newspaper men a little while ago—I want a name for the war. I haven't had any very good suggestions. Most of them are too long. My own thought is that perhaps there is one word that we could use for this war, the word "survival." The Survival War. That is, it comes pretty close to being the survival of our civilization, the survival of democracy, the survival of a hemisphere—the newest hemisphere of all of them—which has developed in its own ways.

On the surface these ways may be a bit different, but down at the bottom there is the same kind of civilization that has come from a love of liberty and the willingness to pioneer. So I think that survival is what our problem is, survival of what we have all lived for for a great many generations.

I think in all of the republics we have, relatively speaking, quite an ancient civilization—reckoned since we have had independence, and even for a good many years before that.

That is why I hope that continental hemispheric solidarity and unanimity are going to continue. At the last Pan-American Conference of the hemisphere down at Rio—while some people felt it had not gone so far as it would like to go—we did manage to retain the objective of unanimity.

There may be other problems after the war that we will have to work out among ourselves, sitting around the table, but at the present time we have substantial unanimity. That is a great thorn in the flesh of Herr Hitler. He felt that the success of the Rio conference was a very serious blow to the Axis' efforts to dominate the world.

And so I hope that we will go on as we have in the past. A few of you were here at the time—in the Summer of 1933, after I had been in here for a few months—we had a bit of trouble in the Republic of Cuba. I asked all of the Ambassadors and Ministers of the hemisphere to come in and sit around the table in an informal way. And I told them that I didn't want the United States to do anything without everybody knowing all about it, and that my thought was that it was a problem for Cuba to decide for herself. Cuba did, and many old-fashioned commentators in this country said it was a terrible thing to let Cuba handle the affairs of Cuba.

So I hope we will continue to have the unanimity of the past. And when it comes to cleaning up the mess at the end of this war, after Axis is defeated, we will have again an Hemispheric Council around here to see what we are going to do all over the world, because we will have a very great voice in preventing, in the future, an attack on our American civilization.

I haven't prepared any speech. These are just some thoughts that come to me every day—day and night.

We are going places. We will get somewhere. And we are going to have a couple of years, perhaps three years, before we can make sure that our type of civilization is going to survive. I am perfectly confident of it myself. We have all got to sacrifice. But we are going to come out the winner in the long run.

It is good to see you all, and I hope that next year we will be in an even better state than we are in 1942. Good luck to you.

### Halts Oil Burner Output

The War Production Board on April 15 ordered that the manufacture of oil burners and coal stokers for residential use be halted on May 31. In a second order, the WPB froze all stocks of plumbing and heating equipment and all sales of such material except for retail sales of less than \$5 and such sales on an A-10 or higher preference rating.

On the same day (April 15), the Office of Price Administration requested home owners using fuel oil in the Atlantic Coast and Pacific Northwest States, where curtailment of oil sales has been ordered, to consider converting their stoves back to coal, coke and wood. Dan A. West, director of the OPA consumer division, explained that as the war continues indications are that there might be need for additional curtailment of oil consumption in those States. He advised home owners to obtain coal grates now and order coal for next Fall and Winter.

The WPB order halting the output of oil burners and coal stokers also cut production for the remaining period to one-twelfth of last year's units. It is reported that manufacturers now hold inventories of about 35,000 coal stokers and 60,000 oil burners.

## Wallace Declares Pan-American Ideal Can Serve as International Pattern

In a formal statement on the 52nd anniversary of the Pan-American Union, Vice-President Wallace said on April 14 that "Pan-Americanism is an ideal which transcends this hemisphere and which can serve as a pattern for an international society where people can live and work in freedom, in friendship and in peace."

Mr. Wallace added, however, that unless this ideal were upheld with "a strong unity within the Americas now in times of danger, we shall not have necessary moral and material capacity to assume the leadership for a just and charitable peace after the danger is past."

In his statement, Vice-President Wallace said:

Fifty years of uninterrupted friendship between North and South America have created a vital tradition that is unprecedented in history. This tradition, so peculiar to the new world, has been achieved in its various stages in the setting of world events. Therefore, Pan-Americanism should always be considered as a splendid form of international cooperation within a given region, and yet a part of an all-embracing world cooperation.

In view of the preceding phases of Pan-Americanism, it was inevitable that the good neighbor policy should have been instituted at a time when a general determination of social and political patterns was taking place in the world.

This policy is based on two essential principles: First, recognition of the unrestricted independence of every nation; and, second, an inter-American democratic philosophy that is both national and international. These principles are the direct opposite of that fallacious notion that the greatness of any one country should be based on the limitations and weaknesses of other countries.

Pan-Americanism is an ideal which transcends this hemisphere and which can serve as a pattern for an international society where people can live and work in freedom, in friendship and in peace. However, unless we uphold it to achieve a strong unity within the Americas now, in times of danger, we shall not have necessary moral and material capacity to assume the leadership for a just and charitable peace after the danger is past.

## Federal Reserve On Earnings, Dividends

Corporate earnings and dividends are the subject of a study by the Board of Governors of the Federal Reserve System, published in the April issue of the Board's "Bulletin." According to the study, "expanding activity in civilian and war industries in 1941 was reflected in a substantial growth in income of all economic groups." From the "Bulletin" we quote:

Volume of business transacted by corporations was larger than in any previous year and, according to data recently compiled by the Board, corporate net income after all costs, charges, and taxes showed a further increase. Costs of materials and wage rates were higher in 1941 than in 1940, but prices of many finished products were also higher. Earnings after all costs and charges and before income taxes increased sharply over 1940, but a substantial part of the increase was absorbed by higher Federal income and excess profits taxes.

Summaries of published earnings reports of large corporations tabulated by the Board indicate that manufacturing and mining profits in 1941, after all costs, charges, and taxes, were about one-fifth above 1940. Net income of railroads, which in 1940 was rela-

tively low, increased one and one-half times in 1941. In fact, railroad income in 1941 of 500 million dollars was considerably higher than for any year in the past decade. Among public utility companies, such as electric power, telephone, and transit, net income after taxes in 1941 showed small declines.

Manufacturing corporations and railroads retained substantial parts of their expanded income, as dividend payments increased less than net income. For all corporations in the United States retained net income has been estimated by the Department of Commerce at 2.6 billion dollars in 1941, which is about double the 1940 amount. The moderate size of dividend increases was generally attributed to the need for larger working capital.

### Dividends and Retained Earnings

While retained net income for 152 large industrial companies shown was nearly 30% larger in 1941 than in the preceding year, dividend payments increased by less than 6%. Requirements for funds to carry additional inventories and to provide other working capital have been much greater than in earlier years, especially for corporations with large war orders.

In such industries as iron and steel, petroleum, and transportation equipment other than autos, the proportion of net income retained in 1941 was much greater than in such industries as foods, beverages and tobacco, industrial chemicals, non-ferrous metals, and automobiles.

### Profits and Income Taxes

In 1941 a substantial proportion of income after manufacturing costs and charges was set aside for the Federal Government as income and excess profits taxes. Nevertheless, the balance after taxes was substantially higher for many large companies than in 1939, the last predefense year.

Profits and Federal tax reserves are shown on the chart for 245 industrial companies [this we omit.—Ed.] for which annual data on tax reserves are available for the three years 1939 to 1941 and whose 1941 incomes were subject to the tax provisions of the Revenue Act of 1941, that is, whose accounting years did not end before Dec. 31. For these companies, reserves for Federal taxes, which amounted to 17% of income before taxes in 1939 and 33% in 1940, increased to 56% in 1941. The two 1940 revenue acts increased the normal tax rate on corporate incomes, in general, from 18 to 24% and imposed an excess profits tax. In 1941 a 7% surtax was imposed, and excess profits tax rates were raised and were applied to income before rather than after deduction of the normal tax.

Net income of the 245 companies after all charges and before Federal taxes showed an increase of 160% from 1939 to 1941, as compared with an increase in profits after Federal taxes of about 40%. The increase in net profits after taxes from 1939 to 1941 is somewhat smaller for this group than for the entire quarterly reporting group which includes some companies whose 1941 tax reserves were based on the 1940 rates.

## Text Of Act Raising U. S. Debt Limit

The bill increasing the debt limit of the United States from \$65,000,000,000 to \$125,000,000,000 became a law on March 28, its approval on that date by President Roosevelt having been noted in our issue of April 9, page 1444. We are making room here for the text of the new measure, which as has already been indicated in these columns (March 12, page 1044) contains other provisions besides that which authorizes the increased debt limit. Among these provisions, as detailed by Secretary Morgenthau is one authorizing the Secretary to issue Treasury marketable securities on a discount basis, or on a combination interest-bearing and discount basis and another clarifying the authority in Section 19 of the Second Liberty Bond Act, which was originally enacted in 1934, was, it is stated, intended to permit the Treasury to buy any of its securities in the market, at or before maturity out of the proceeds of any public debt securities previously sold. The full statement of Secretary Morgenthau appeared on page 1044, and another item respecting the bill was given on page 1140 of our March 19 issue. At that time it was noted that the Senate had raised the debt limitation to \$130,000,000,000, but the House conferees refused to accede to this, insisting on its \$125,000,000,000 and the Senate conferees accepted the latter figure, which was finally agreed to by the Senate. The text of the measure, as enacted into law, follows:

[Public Law 510—77th Congress]  
[Chapter 205—2d Session]  
[H. R. 6691]

### AN ACT

To increase the debt limit of the United States, to further amend the Second Liberty Bond Act, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the Public Debt Act of 1942.

Sec. 2. Section 21 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"Sec. 21. The face amount of obligations issued under the authority of this Act shall not exceed in the aggregate \$125,000,000,000 outstanding at any one time."

Sec. 3. Section 20 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"Sec. 20 (a) Any obligations authorized by Sections 1, 5, and 18 of this Act, may be issued on an interest-bearing basis, on a discount basis, or on a combination interest-bearing and discount basis, at such price or prices and with interest computed in such manner and payable at such time or times as the Secretary of the Treasury may prescribe; and any such obligations may be offered for sale on a competitive or other basis under such regulations and upon such terms and conditions as the Secretary of the Treasury may prescribe; and his decision with respect to any such issue shall be final.

"(b) Any obligations authorized by this Act and redeemable upon demand of the owner or holder may, under such regulations and upon such terms and conditions as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury may prescribe, be receivable by the United States in payment of any taxes imposed by the United States.

"(c) Any obligations authorized by this Act may, under such regulations and upon such terms as the Secretary of the Treasury may prescribe, be issued in exchange for any obligations of any agency or instrumentality of the United

States which are unconditionally guaranteed both as to principal and interest by the United States, at or before their maturity."

Sec. 4. Section 19 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"Sec. 19. Any obligations authorized by this Act may be issued for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness, Treasury bills, or savings certificates of the United States, and any money received from the sale of such obligations or any other money in the general fund of the Treasury may, under such rules, regulations, terms, and conditions as the Secretary of the Treasury may prescribe, be used for such purchase, redemption, or refunding."

Sec. 5. The authority of the Postmaster General contained in Section 6 of the Act of June 25, 1910, as amended (U. S. C., 1940 edition, title 39, sec. 756), and Section 22 (c) of the Second Liberty Bond Act, as amended, to prepare and issue postal-savings cards and postal-savings stamps shall terminate on such date as stamps issued by the Secretary of the Treasury pursuant to the authority contained in Section 22 (c) of the Second Liberty Bond Act, as amended, are made available for sale to the public; and, as soon as practicable thereafter, the Board of Trustees of the Postal Savings System shall pay to the Secretary of the Treasury a sum equal to the redemption value of all postal-savings stamps outstanding, and after such payment has been made the obligation to redeem such stamps shall cease to be a liability of the Board of Trustees of the Postal Savings System but shall constitute a public debt obligation of the United States.

Sec. 6. Section 4 of the Public Debt Act of 1941 (Public, Numbered 7, Seventy-seventh Congress, first session), is hereby amended to read as follows:

"Sec. 4. (a) Interest upon obligations, and dividends, earnings, or other income from shares, certificates, stock, or other evidences of ownership, and gain from the sale or other disposition of such obligations and evidences of ownership issued on or after the effective date of the Public Debt Act of 1942 by the United States or any agency or instrumentality thereof shall not have any exemption, as such, and loss from the sale or other disposition of such obligations or evidences of ownership shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted; except that any such obligations which the United States Maritime Commission or the Federal Housing Administration had, prior to March 1, 1941, contracted to issue at a future date, shall when issued bear such tax-exemption privileges as were, at the time of such contract, provided in the law authorizing their issuance. For the purposes of this subsection a Territory, a possession of the United States, and the District of Columbia, and any political subdivision thereof, and any agency or instrumentality of any one or more of the foregoing, shall not be considered as an agency or instrumentality of the United States.

"(b) The provisions of this section shall, with respect to such obligations and evidences of ownership, be considered as amendatory of and supplementary to the respective Acts or parts of Acts authorizing the issuance of such obligations and evidences of ownership, as amended and supplemented.

"(c) Nothing contained herein shall be construed to amend or repeal Sections 114 and 115 of the Revenue Act of 1941."

Approved, March 28, 1942.

## Sit-Down Strikes On Vessels Ruled Mutiny

In a 5 to 4 decision on April 6 the United States Supreme Court ruling against sit-down strikes on vessels docked in New York ports, and declared that "a rebellion by seamen against their officers on board a vessel anywhere within the Admiralty and Maritime jurisdiction of the United States is to be punished as mutiny." The majority decision, delivered by Justice James F. Byrnes, which held that such strikes were barred by the Federal Mutiny Statute, set aside an order of the National Labor Relations Board, directing the Southern Steamship Co. of Philadelphia to reinstate seamen who went on strike on July 18, 1938, aboard the vessel, "City of Fort Worth" at Houston, Tex. In Associated Press accounts from Washington April 6, it was stated:

The company contended that a 1909 Federal Mutiny Statute barred such a "sit-down" strike. It added that to permit seamen to "resist the commands of the master" would "jeopardize the present and future safety of our country."

In reply, the Labor Board asserted that "a peaceful strike for the purpose of compelling an employer to obey the law while a vessel is in a safe position in an American port is not unlawful."

The Federal Circuit Court at Philadelphia upheld the Labor Board order, which also directed the company to bargain collectively with the National Maritime Union (CIO) and to reinstate six other seamen who went on a sympathetic strike when the vessel returned to Philadelphia a week after the Houston strike.

After striking for 11 hours, the men returned to work, the Board said, when a company attorney promised to meet with the union.

The company contended that the employment of the ship's crew was terminated when they returned to Philadelphia by their "signing off" before the local United States Shipping Commissioner. The company said five of the strikers then were notified that they would not be rehired.

The National Maritime Union contended in a brief that when a vessel "is moored to the dock, in a safe harbor and the peril of the sea ceases, the vessel becomes for all intents and purposes an industrial plant."

As to the Supreme Court's findings the Associated Press (April 6) said:

The majority opinion overruled the Labor Board's contention that the Wagner Labor Act permitted a reinstatement order even though the men had engaged in a sit-down strike.

"The Board," Justice Byrnes asserted, "has not been commissioned to effectuate the policies of the Labor Relations Act so single-mindedly that it may wholly ignore other and equally important Congressional objectives."

Another provision of the Board's order, directing the company to bargain collectively with the National Maritime Union (CIO), was upheld.

Justice Reed wrote the dissenting opinion, in which Justices Black, Douglas and Murphy concurred.

Justice Byrnes said that Congress, in the anti-mutiny legislation, had outlawed such a strike and "if this mandate is to be changed it must be changed by Congress and not by the courts."

"Ever since men have gone to sea," the majority opinion said, "the relationship of master to seaman has been entirely dif-

ferent from that of employer to employee on land. The lives of passengers and crew as well as the safety of ship and cargo are entrusted to the master's care. Every one and everything depend on him. He must command and the crew must obey. Authority cannot be divided."

From the Philadelphia "Inquirer" we take the following from its Washington bureau April 6:

In the majority opinion, Justice James F. Byrnes cited the recent fire aboard the former French luxury liner Normandie at New York as "grim proof that the hazard of fire is ever present."

"It is by no means clear that a ship moored to a dock is 'safe' if the crew refused to tend it, as the strikers did at Houston," Justice Byrnes wrote. "At the very least, steam must be maintained to provide light and fire protection."

The decision pointed out that the Federal Mutiny Act covers happenings in "any waters within the Admiralty and Maritime jurisdiction of the United States."

Those concurring with Justice Byrnes in the majority decision were Chief Justice Stone, and Associate Justices Frankfurter, Roberts and Jackson. According to the Associated Press, in the dissenting opinion Justice Reed said that the Court had held previously that employees guilty of "criminal acts" in connection with a sit-down strike were not eligible for reinstatement under the Wagner Act. "Nothing approaching such disorder occurred here," the dissenting opinion added. "The seamen's conduct did not affect the safety of the vessel. The only evidence of violation of the statutes is that the orders to load were ignored."

A similar ruling to the present majority conclusions of the Supreme Court was handed down by it on Dec. 12, 1938, when it refused to reopen a case in which the National Labor Relations Board sought to force the reinstatement of 145 seamen who had conducted a sit-down strike on two vessels of the Peninsular & Occidental Steamship Co. At that time "Journal of Commerce" advised regarding the Supreme Court's ruling stated that the Court made no comment on the lower court decision, which overruled an order of the Labor Board directing reinstatement of CIO seamen, but merely announced that appeal of the Board from that ruling was denied. It was added that the action was believed significant, however, in that it sustained the right of the master of the vessel to decide upon competency of his crew. The court's action at that time was noted in our issue of Dec. 17, 1938, page 3694.

## To Be War Bonds July 1

The Treasury Department has informed agents issuing United States Defense Savings Bonds that the name of such bonds is to be changed to War Savings Bonds. In order to conserve paper and avoid waste of stock, however, the Treasury Department is requesting that the present Defense Savings Bonds be used until existing stocks are exhausted.

Allan Sproul, President of the Federal Reserve Bank of New York in advices to banks and trust companies and other issuing agents in the Second Reserve District, stated on April 15:

In these circumstances, it is anticipated that issuing agents will not receive supplies of War Savings Bonds in any denomination much before July 1, 1942, and we therefore request your cooperation in presenting these facts to any of your customers who may inquire in the meantime whether War Savings Bonds are obtainable.

## FDR Praises USO For Vital Contribution

President Roosevelt on April 12 commended the United Service Organizations for their "great work" during the past year and expressed the hope that the "open-handed and open-hearted hospitality" extended to members of the armed forces and war industries would continue.

The President's remarks, read to the second annual meeting of USO representatives at Washington, were made in a letter to Paul V. McNutt, Federal Security Administrator, who presided in his capacity as Coordinator of Health, Welfare and Related Defense Activities.

President Roosevelt's message said:

Will you once again extend my cordial greetings to the United Service Organizations and to the men and women who are guiding and carrying on its program.

The year since the USO was organized has been one of the most crowded and, no doubt, most fateful in our national history. The needs which we then foresaw—for united action and joint service to preserve spiritual and social values—have been underscored by the events of recent months.

In writing you on the occasion of last year's meeting, I stressed my conviction that this task is of the utmost importance, that it places inescapable obligations upon the individual citizen, the community and the nation as a whole.

Now a year of experience lies behind us. Communities which are bearing the brunt of defense overcrowding and pressure have been learning to make the most of their local resources.

Within the framework of nation-wide cooperation established by the Federal Security Agency, the USO and other organizations have been providing increasingly effective and practical recreation and welfare services.

I want to take this occasion to commend not only the USO, but also the villages, towns and cities all over the country which are offering open-handed and open-hearted hospitality to members of the armed forces and war industrial workers. This is an essential contribution to our united war effort.

Reports of progress during the past year leave no doubt that this great work is well in hand. I look forward to the continuing cooperation and active participation of the United Service Organizations, its member agencies and the host of individual citizens in whose behalf the USO is rendering this great service.

The USO will open a national campaign early in May to raise \$32,000,000 for its continuance and expansion in 1942-43.

## UAW Waive Premium Pay

Delegates of the United Automobile Workers (CIO), at a special war conference recently held in Detroit (April 7), voted unanimously to waive for the duration double and premium pay for the weekend and holiday work within the 40-hour week. This action had been recommended by the CIO Executive Board and called for by President Roosevelt. The President had assured the conference that the Government intends to renegotiate war contracts to make certain that relinquishment of double time would not operate as a windfall to any employer; this was indicated in our issue of April 9, page 1445.

The delegates, representing over 500,000 workers in automobile and airplane plants, also approved the proposal to set up labor-management committees to speed up war production.

## Rent Control Conference

A national conference on rent control will be held in Chicago, April 29 and 30, under the auspices of the Institute of Real Estate Management and the National Association of Real Estate Boards. The conference is called at the request of Leon Henderson, Federal Price Administrator. The two-day meeting will be held at the Drake Hotel.

In line with the decision which Congress has made for price control, including where necessary control of rents in defense areas, a measure taken to avoid wide fluctuations and to prevent inflation, the Institute has offered its aid in seeing that rent control provisions where they are instituted are administered as effectively and as fairly as possible, Robert C. Nordblom, Boston, its president, states. Principal speakers before the conference will be Paul A. Porter, Assistant Administrator of OPA in charge of the rent division, Karl Borders, Director of OPA's rent division, Robert W. Wales, Assistant General Counsel of OPA, and Cyril R. DeMara, M.A.I., Toronto, Administrator of housing rentals for Canada.

The conference, at which details of the administrative regulations for rent control will be made public, will discuss these administrative regulations item by item as well as detailed procedure for their application, according to the announcement. David B. Simpson, Portland, Ore., President of the National Association of Real Estate Boards, will be honorary chairman, and Institute President R. C. Nordblom, will preside. A message from Price Administrator Henderson, will be brought to the conference by Paul A. Porter, Assistant Administrator, who will discuss the rent provisions of the Price Control Act in their relationship to our general wartime economic policy. Karl Borders, as director of OPA's rent division, will open the discussion of the law itself and outline the basis for the administrative regulations to be issued under it. Cyril R. DeMara, Toronto, administrator of housing rentals for Canada, former chairman of the National Institute of Real Estate Brokers and President of the Ontario Association of Real Estate Boards, will give the conference the details of Canadian experience with rent control. Robert W. Wales, Assistant General Council of the OPA, will speak on legal aspects of the rent control law.

## Illinois Bankers Oppose Branch Banks At Camps

Opposition of the Illinois Bankers Association to the Senate-approved bill authorizing the Comptroller of the Currency to provide banking facilities at United States military reservations and navy yards and stations was voiced in a letter to the House of Representatives at Washington on April 10, by Harry C. Hausman, Secretary of the Association. In his letter Mr. Hausman says:

On April 3, S. 1603 was passed by the Senate. This bill amends the National Banking Act by authorizing the Comptroller of the Currency to provide banking facilities at United States Military Reservations and Navy Yards and Stations notwithstanding any provision of law to the contrary. In other words, the bill provides for permitting any national bank, upon the authority of the Comptroller of the Currency, anywhere in the country to establish a branch bank either within or without its home State and without regard for the State law applicable to State banks in the place affected.

The Illinois Bankers Association respectfully urges you to give most serious consideration to the undesirable implications arising out of this bill. The

bankers in this State have throughout the years been opposed to any branch banking and have been prominent in their opposition to all measures proposed in Congress which would permit branch banking in States where such type of banking is prohibited to their State banks. The General Assembly of this State has on every occasion, when the subject was brought up, confirmed this opposition and reiterated it as public policy within the State.

The controversy with regard to branch banking is well known to you and needs no repetition here. However, this particular bill could create endless trouble in the State of Illinois which should be avoided if at all possible.

At the present time there are 5 Army and Navy Stations in Illinois to which it could apply. Each of these has existed for a long time, several of them antedating the last World War. At no time during this period has the personnel of these Stations been inconvenienced because of lack of banking facilities and we have heard no demand from any of the men in these Stations for such facilities. Each one is reasonably close to or within a town with a bank one or more) and to discriminate against these several banks which are now serving such communities and permit one as against the rest to have a branch within the Post would create a situation which would be very difficult for us to overcome.

There may be a suggestion that our opposition to this bill indicates a disloyalty on the part of Illinois bankers to the men who are so bravely and willingly giving their all for the defense of this country. May I be permitted to state with justifiable pride that there is no group more loyal and willing to serve the needs of this country during this emergency. The possible argument which may be advanced against us in this petition to you could only be in order to use the war as an excuse to open the door to branch banking in the State of Illinois and we are of the opinion that such an excuse is not justified.

## Insurance Agents Discuss War Damage Plans

Senator Robert F. Wagner of New York told the National Association of Insurance Agents on April 14 that the Government had entered the field of war damage insurance "not only to protect property values during the war, but also to prevent raids on the Treasury after the war."

Speaking from Washington by direct wire to the Association's dinner in New York, Senator Wagner said the action was one of necessity, not choice, and assured the agents that "there is no thought in any responsible quarter" of duplicating the insurance industry's facilities for arranging coverage and adjusting losses "with an army of new Federal agents and adjusters."

He added that plans for putting the corporation into operation will be announced in the near future, at the same time predicting that premium rates will be low.

Another speaker from Washington was Senator Murray of Montana who made a plea for protective measures for small business.

Louis H. Pink, New York State Superintendent of Insurance, praised the insurance industry for offering their organization and trained experience to the Government in working out the war damage plan "without thought of advantage or profit." Mr. Pink said he believes the plan being

developed is "sensible, fair and workable." He added:

The War Damage Corporation will utilize the machinery, the skill, the experience of our great institution in the most extensive insurance operation yet seen in this world—the protection of the dwellings, the business structures, the industrial plants and the tools and personal effects of all of the people of this great land. It is due to the willingness and the ardent desire of the insurance industry to serve the country in its time of trial without seeking any profit that this great national enterprise can be carried on by the War Damage Corporation with a skeleton staff and with nominal cost to the nation.

In his mid-year report on activities, R. W. Forshay, President of the Association, sets forth that the organization believes that the insurance companies should have a proper place in the war damage protection situation. The report said:

We believe that the operation of the War Damage Corporation can be handled most effectively by the insurance industry. We believe that the industry is ready and desirous to undertake this task as a patriotic responsibility on a non-profit basis. We believe that insurance companies, agents and brokers can combine to render a particularly distinguished and vitally necessary service in the present great emergency. We believe that through a proper co-ordination of the services and abilities of all branches of insurance the most efficient and economical operation possible can be accomplished.

So believing, the National Association stands ready to cooperate fully with other branches of the business in the perfecting and execution of a practical plan properly to make available the protection to American property owners desired and authorized by the Congress of the United States.

With regard to taxes, the report stated:

There can no longer be any excuse for any insurance company to ask exemption from the Federal Government because it transacts its business in a given way, as distinguished from other companies who operate on a capital stock basis. As a matter of report, you are advised that the Federal Treasury has this item under consideration and we may hope and expect that the problem will be justly and equitably solved.

## To Head New York Chapter of AIB

At a meeting of the Board of Governors of New York Chapter, American Institute of Banking, held on April 14, the name of Daniel Schmeidler was placed in nomination for the presidency of New York Chapter for the term of 1942-43. Mr. Schmeidler, a member of the class of '26 joined the State Bank of Richmond County in 1920 and subsequently became its Assistant Cashier. Since 1930 he has been an Assistant Secretary of the Brooklyn Trust Co. when the State Bank of Richmond County was merged with the Brooklyn Trust Co. He has been a member of the Board of Governors since 1925, Chairman of the Entertainment and the Bankers Forum Committees, Chief Consul, and President of the Alumni Association. He was one of the organizers and a President of the Richmond County Bankers Association, has been Chairman of Group VII and a member of the Council of Administration of New York State Bankers Association. At the present time he is Chairman of his local draft board.

## Sugar Rationing For May

The sugar rationing program will proceed as scheduled for early May, it was recently announced in a joint statement issued by Donald M. Nelson, Chairman of the War Production Board, and Leon Henderson, head of the Office of Price Administration.

Following a conference, which had been called in connection with reports that the program might be called off, Messrs. Nelson and Henderson issued this statement:

Newspaper and radio stories indicating existence of a dispute as to the need for sugar rationing between the War Production Board and the Office of Price Administration in fact. The sugar rationing program will proceed as scheduled and the public should not permit unauthorized sources to confuse the necessity for this policy.

Over 1,000,000 retailers and wholesalers will register at high schools throughout the country on April 28 and 29, while home consumers will register and receive their ration cards May 4 through May 7. Retail sales of sugar will be prohibited after April 27 for about a week, preparatory to sales under rationing.

The OPA announced on April 16 that allotment during the first eight weeks of the program will be limited to one-half a pound of sugar a week per person. Later allotments will be fixed depending upon available supplies.

Plans for the rationing were noted in these columns April 2, page 1349.

## Suspends Sugar Quotas

President Roosevelt on April 13 signed a proclamation suspending all import and domestic marketing quotas in the case of both raw and refined sugar. This action, recommended by the Department of Agriculture, was taken in order to facilitate shifting of quota deficiencies from one producing area to another, since supplies are expected to be below normal requirements.

In his proclamation the President said that "the outbreak of war has resulted in dislocation of sugar supplies from certain customary sources" and that this dislocation "has brought about a shortage of sugar required to meet the needs of consumers." He further said that "it is possible to obtain sugar from areas not included, or not adequately included," in the quota provisions of the Sugar Act of 1937 and that, acting under and by virtue of the authority vested in him by that Act he found "that a national economic emergency exists with respect to sugar" and hence "by this proclamation suspends the operation of title II of that Act."

## Feb. Home Loans High

Still keeping ahead of loan volume of two years ago, although somewhat under that of 1941, the savings, building and loan associations of the Nation lent \$76,756,000 for home ownership and home remodeling purposes in February, according to the United States Savings and Loan League. A three-month high was achieved in the percentage of the funds used for home purchase, 44%, says the League. Fernor S. Cannon, President of the League, pointed out that dollar volume of home purchase loans was 11.5% greater than in February, 1941, witnessing to the increasing interest in already existing homes as a sound investment in a period of rising prices. Lending of \$33,769,000 made this the most active February in home purchase loans in 10 years, he said. Home construction loans continued to account for more than a fourth of

the disbursement. The \$20,799,000 volume of new building constituted a major contribution to the housing of workers in defense areas, Mr. Cannon said, since 75% of total savings and loan resources are within lending radius of areas with A priority ratings for building materials.

Breakdown of the February loans, purpose for which they were made and percentage for each purpose follows:

Purpose—	Estimated Loans Made By All Associations in United States	Percent of Total
Construction	\$20,799,000	27.0
Repair & modernization	3,138,000	4.1
Home purchase	33,769,000	44.0
Refinancing	12,325,000	16.1
Other purposes	6,725,000	8.8
Total	\$76,756,000	

## U. S. and Canada Agree On Reciprocal Draft Rules

The United States and Canada have concluded an arrangement for reciprocal treatment of citizens of both countries under their military service laws. It was indicated in press advices from Washington April 9 that as the result of an exchange of notes between Sumner Wells, Acting Secretary of State, and Leighton McCarthy, Canadian Minister to Washington, Canadian nationals living in the United States, who have not declared their intention of becoming American citizens, will have the right to elect to serve in the armed forces of Canada when called up under the United States Selective Service Act. Aliens of other nationalities residing in the United States will also be able to choose service in their respective armed forces.

It is emphasized that no threat or compulsion will be exercised by any co-belligerent government to induce any person in the United States to enlist in the forces of a foreign government.

From Washington April 9 the New York "Times" reported:

Further, it was provided that Canada would not accept enlistments here of United States citizens or resident aliens subject to registration. Mr. McCarthy's note agreed to the reciprocity with the understanding that it did not prevent Canada from declaring the legal liability of Canadians everywhere to serve in their country's forces.

## President Creates New Civilian Defense Board

President Roosevelt issued an executive order on April 16 reorganizing the Office of Civilian Defense so as "to integrate its activities more closely with those of other war agencies and to gear its programs to the war effort."

The President's order sets up a new Civilian Defense Board to act in an advisory capacity to the OCD, which is directed by James M. Landis. On this Board are Secretary of War Stimson, Secretary of Navy Knox, Paul V. McNutt, Director of the Office of Defense Health and Welfare Services; Mayor Maurice J. Tobin of Boston, Norman H. Davis, Chairman of the Red Cross; Earl D. Mallory, Executive Director of the American Municipal Association, and Harold Stassen, Governor of Minnesota, who is serving as a Lieutenant Commander in the Navy.

Under the order the OCD will serve "as the center of co-ordination of Federal Civilian Defense activities, which involve relationships between various Federal agencies and the State and local governments."

The White House said that Mr. Landis will continue the "internal organization and management" of the OCD, but will perform his duties "under the direction and supervision of the President" and "with the advice and assistance" of the new board.

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

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

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
Allied Stores Corp., 5% preferred	3,303	4,103
American-Hawaiian Steamship Co., common	68,700	69,100
American Hide & Leather Co., 6% preferred	6,500	7,100
American Viscose Corp., 5% cumulative preferred	1,246	1,746 (1)
Armour & Co. (Del.), 7% preferred	1,056	1,056
Associates Investment Co., 5% cumulative preferred	5,058	9,464
Common	18,551	19,905
Atlas Corp., common	264,982	273,961
6% preferred	2,008	6,122
Barnsdall Oil Co., common	26,900	29,500
Borden Co. (The), capital	26,011	31,254
Case (J. I.) Co., 7% preferred	2,645	3,235
Century Ribbon Mills, Inc., 7% preferred	70	160
Chicago Yellow Cab Co., Inc., capital	7,222	9,604
Coca-Cola (The) Co., common	4,000	6,500
Consolidated Oil Corp., common	13,488	13,588
Cuban-American Sugar Co. (The), 5 1/2% conv. preferred	6,533	6,733
7% cumulative preferred	8,850	9,850
Davega Stores Corp., common	10,648	10,118
Detroit Edison Co. (The), common	12,000	13,000
Federated Department Stores, Inc., 4 1/4% conv. preferred	317,359	318,319
Firestone Tire & Rubber Co. (The), common	19,866	23,366
6% cumulative A preferred	800	1,000
Flintkote Co. (The), \$4.50 cumulative preferred	3,703	1,175 (3)
Freeport Sulphur Co., common	236,040	247,640
Fruehauf Trailer Co., 5% conv. preferred	689	1,191
General Motors Corp., common	1,191	100
General Railway Signal Co., 6% preferred	3,500	3,525
General Realty & Utilities Corp., 6% preferred	3,449	4,149
General Shoe Corp., common	13,065	15,765
Gillette Safety Razor Co., \$5 conv. preferred	7,297	7,297
Goodyear Tire & Rubber Co. (The), \$5 cum. conv. pref.	9,212	4,816 (4)
Household Finance Corp., common	4,816	4,826
International Silver Co., 7% preferred	61,191	63,253
Interstate Department Stores, Inc., 7% preferred	24,476	25,301
Jones & Laughlin Steel Corp., common	24,476	25,301
5% preferred A	20,235	18,735
5% preferred B	18,494	19,800
Kaufmann Department Stores, Inc., 5% cum. preferred	10,800	15,600
Madison Square Garden Corp., capital	900	900
Mohawk Carpet Mills, Inc., capital	71,701	77,813
National Aviation Corp., capital	6,575	6,450
National Department Stores Corp., 6% preferred	3,423	3,593
National Steel Corp., common	2	2
Norfolk & Western Railway Co., adj. 4% non-cum. pref.	124,300	129,800
Otis Steel Co. (The), \$5.50 conv. preferred	5,200	7,700
Petroleum Corp. of America, capital	5,200	7,700 (5)
Plymouth Oil Co., common	5,200	7,700
Radio Corp. of America, \$5 cumulative preferred B	5,293	5,303
Real Silk Hosiery Mills, Inc., 7% cumulative preferred	336	338
Rustless Iron & Steel Corp., common	15,094	15,095
Safeway Stores, common	671	2,014
5% cumulative preferred	140,000	140,500
Shattuck (Frank G.) Co., common	3,986	4,156
Sheaffer (W. A.) Pen Co., common	78,092	78,005
Swift & Co., capital	1,048,300	1,079,300 (6)
Transamerica Corp., capital	1,300	5,000
United Fruit Co., common	16,435	16,735
United States Leather Co. (The), prior preferred	407	379
United States Rubber Co., common	5,741	5,814
Universal Pictures Co., Inc., 8% preferred	18,900	19,100
Vick Chemical Co., capital	1,875	2,025
Vulcan Detinning Co. (The), 7% preferred	1,216	1,283
White (The S. S.) Dental Mfg. Co., capital		

NOTES

- (1) 900 shares retired; 1,400 shares acquired.
- (2) 1,380 shares acquired. Such shares, together with 3,620 shares of previously unissued stock, were delivered to acquire certain property.
- (3) 230 shares acquired; 2,758 shares retired.
- (4) Retired.
- (5) 100 shares acquired and retired.
- (6) 8,000 shares acquired during February; 23,000 shares acquired during March.

The New York Curb Exchange issued on April 15, the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Name—	Shares Previously Reported	Shares Per Latest Report
American General Corp., \$2.50 div. ser. preferred	259	309
\$2 div. ser. preferred	8,481	8,931
Common	356,528	356,644
American Writing Paper Corp., common	8,300	11,300
Blue Ridge Corp., \$3 conv. preferred	1,650	2,465
Cooper-Bessemer Corp., \$3.50 prior preferred	600	700
Crown Central Petroleum Corp., common	569	570
Dejay Stores, Inc., common	8,186	8,486
Detroit Casket & Mfg. Co., 6% preferred	13,216	13,516
Electrographic Corp., common	1,386	1,486
Interstate Hosiery Mills, Inc., capital	6,125	6,545
Ken-Rad, Tube & Lamp Corp., A common	None	6,550
Kleinert (I. B.) Rubber Co., common	27,078	27,028
Knott Corp., common	7,258	8,058
Lane Bryant, Inc., 7% preferred	643	2
Merritt-Chapman & Scott Corp., 6 1/2% A preferred	2,968	3,243
Nehi Corp., first preferred	1,747	1,948
New York & Honduras Rosario Mining Co., capital	2,535	2,735
Niagara Share Corp. of Maryland, A preferred	4,220	4,226
B common	129,881	139,081
North Central Texas Oil Co., Inc., common	32,000	32,400
Oilstocks, Ltd., capital	3,710	104
Roosevelt Field, Inc., capital	60,400	59,400
Schulte (D. A.), Inc., common	None	26,474
Convertible preferred	None	5
Selected Industries, Inc., \$5.50 div. prior stock	1,350	2,800
Starrett Corp., v. t. c. common	23	24
Sterling, Inc., common	57,550	57,650
Sunray Oil Corp., 5 1/2% conv. preferred	272	289
Tobacco & Allied Stocks, Inc., capital	470	None
United Cigar-Whelan Stores Corp., common	12,121	12,124
Utility Equities Corp., \$5.50 div. prior stock	8,390	8,590

### Cotton Consumption In March At High Level

Under the date of April 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 March, 1942 and 1941. Cotton consumed amounted to 966,631 bales of lint and 131,187 bales of linters, as compared with 893,745 bales of lint and 107,539 bales of linters, in February, 1942.

March consumption of cotton includes 5,400 bales distributed by Surplus Marketing Administration through various cotton mattress programs.

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

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

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

1942— Daily Averages	U. S. Govt. Bonds	Avg. Corpo- rate *	Corporate by Ratings *				Corporate by Groups *		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Apr. 21	117.96	106.92	116.41	113.50	107.62	92.20	97.00	110.88	113.89
20	118.03	106.92	116.41	113.70	107.62	92.20	96.85	110.70	114.08
18	118.12	106.92	116.41	113.70	107.62	92.20	97.00	110.88	113.89
17	118.08	106.92	116.41	113.70	107.62	92.20	96.85	110.88	113.89
16	118.13	106.92	116.41	113.70	107.62	92.20	96.85	110.70	114.08
15	118.16	106.92	116.41	113.70	107.62	92.20	97.00	110.88	113.89
14	118.18	106.92	116.41	113.70	107.62	92.06	96.85	110.70	113.89
13	118.16	106.92	116.41	113.70	107.62	92.20	97.00	110.70	114.08
11	118.07	106.92	116.41	113.70	107.62	92.35	97.16	110.70	114.08
10	118.06	106.92	116.41	113.89	107.62	92.35	97.16	110.70	114.08
9	118.07	106.92	116.41	113.70	107.62	92.35	97.16	110.70	114.08
8	118.11	106.92	116.41	113.70	107.62	92.35	97.16	110.70	114.08
7	118.11	106.92	116.41	113.70	107.62	92.50	97.16	110.70	114.08
6	118.17	106.92	116.22	113.70	107.62	92.20	97.16	110.52	113.89
4	118.16	106.92	116.41	113.70	107.62	92.20	97.00	110.52	114.08
3									
2	118.10	106.92	116.22	113.70	107.62	92.20	97.00	110.52	114.08
1	118.03	106.92	116.22	113.70	107.62	92.20	97.00	110.52	113.89
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
20	117.80	106.21	115.63	113.12	107.09	91.34	96.85	109.79	112.93
13	117.33	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.75
6	117.32	106.21	115.63	112.93	107.27	91.62	96.85	109.79	113.31
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
20	116.32	106.56	115.82	113.31	107.80	91.62	96.85	110.34	113.50
13	116.27	106.74	116.41	113.50	107.80	91.77	97.16	110.70	113.50
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.70	113.70
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.52	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.59
2	117.61	106.94	115.82	113.50	107.62	90.63	95.92	110.34	113.31
High 1942	118.27	106.92	116.61	114.08	107.98	92.50	97.47	110.88	114.08
Low 1942	115.90	106.04	115.43	112.93	107.09	90.63	95.92	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Apr. 21, 1941	118.65	106.04	116.80	112.75	106.39	90.91	96.54	110.34	112.00
2 Years ago									
Apr. 20, 1940	115.89	103.30	116.41	113.31	102.46	85.20	90.91	108.70	112.00

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

1942— Daily Average	Avg. Corpo- rate *	Corporate by Ratings *				Corporate by Groups *		
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Apr. 21	3.34	2.83	2.98	3.30	4.26	3.94	3.12	2.96
20	3.34	2.83	2.97	3.30	4.26	3.95	3.13	2.95
18	3.34	2.83	2.97	3.30	4.26	3.94	3.12	2.96
17	3.34	2.83	2.97	3.30	4.26	3.95	3.12	2.95
16	3.34	2.83	2.97	3.30	4.26	3.95	3.13	2.95
15	3.34	2.83	2.97	3.30	4.26	3.94	3.12	2.96
14	3.34	2.83	2.97	3.30	4.27	3.95	3.13	2.96
13	3.34	2.83	2.97	3.30	4.26	3.94	3.13	2.95
11	3.34	2.83	2.97	3.30	4.25	3.93	3.13	2.95
10	3.34	2.83	2.96	3.30	4.25	3.93	3.13	2.95
9	3.34	2.83	2.97	3.30	4.25	3.93	3.13	2.95
8	3.34	2.83	2.97	3.30	4.25	3.93	3.13	2.95
7	3.34	2.83	2.97	3.30	4.24	3.93	3.13	2.95
6	3.34	2.84	2.97	3.30	4.26	3.93	3.14	2.96
4	3.34	2.83	2.97	3.30	4.26	3.94	3.14	2.95
3								
2	3.34	2.84	2.97	3.30	4.26	3.94	3.14	2.95
1	3.34	2.84	2.97	3.30	4.26	3.94	3.14	2.96
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
20	3.38	2.87	3.00	3.33	4.32	3.95	3.18	3.01
13	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.02
6	3.38	2.87	3.01	3.32	4.30	3.95	3.18	2.99
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
20	3.36	2.86	2.99	3.29	4.30	3.95	3.15	2.98
13	3.35	2.83	2.98	3.29	4.29	3.93	3.13	2.98
6	3.35	2.83	2.98	3.29	4.28	3.93	3.13	2.97
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
High 1942	3.39	2.88	3.01	3.33	4.37	4.01	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.24	3.91	3.12	2.95
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.06
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago								
Apr. 21,								

**Lumber Movement—Week Ended April 11, 1942**

Lumber production during the week ended April 11, 1942, was 2% less than the previous week, shipments were 4% less, new business 12% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 17% above production; new orders 53% above production. Compared with the corresponding week of 1941, production was 6% less, shipments, 11% greater, and new business 34% greater. The industry stood at 131% of the average of production in the corresponding week of 1935-39 and 145% of average 1935-39 shipments in the same week.

**Year-to-Date Comparisons**

Reported production for the first 14 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 4% above the shipments, and new orders 8% above the orders of the 1941 period. For the 14 weeks of 1942, new business was 27% above production, and shipments were 15% above production.

**Supply and Demand Comparisons**  
The ratio of unfilled orders to gross stocks was 54% on April 11, 1942, compared with 39% a year ago. Unfilled orders were 24% greater than a year ago; gross stocks were 12% less.

**Softwoods and Hardwoods**

Record for the current week ended April 11, 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	1942 Previous Wk. (rev.)
Mills	460	460	475
Production	233,813	247,696	237,558
Shipments	272,848	245,364	284,520
Orders	356,872	266,193	319,077
Softwoods			
	1942 Week	1942 Week	1942 Week
Mills	370	370	370
Production	220,967	220,967	220,967
Shipments	259,205	259,205	259,205
Orders	344,522	344,522	344,522
Hardwoods			
	1942 Week	1942 Week	1942 Week
Mills	104	104	104
Production	12,846	12,846	12,846
Shipments	13,643	13,643	13,643
Orders	12,350	12,350	12,350

**Government Employment At New Record in Jan.**

The Civil Service Commission reported on Apr. 6 that civilian employment in the Government's executive branch advanced by another 32,177 persons in January to a record total of 1,703,099, as compared with 1,533,431 in January, 1941. The increase occurred despite the Postoffice Department's drop of 53,564 seasonal employees "and therefore shows a definite expansion due to the war program."

Associated Press Washington advices of Apr. 6 reported further:

The Commission showed that employment in 10 "principal war agencies" such as the War and Navy Departments, Maritime Commission, Panama Canal and Tennessee Valley Authority, totaled 1,015,981 in January, as compared with 497,354 a year earlier.

The Government's regular January payroll for civilian workers in the executive branch was \$259,404,945, compared with \$178,413,671 in January, 1941.

Civilian employment in Washington's metropolitan area continued to climb in February by 9,920 persons to a record of 233,403, the Commission said in another report.

The War Department added 3,689 civilian workers, the Navy Department 3,078 and the Office of Emergency Management, 1,570.

Due to decentralization activities, employment by the Commerce Department in the Washington area dropped 747 persons.

The civilian payroll for Government offices in this area in February was \$39,541,247.

**Labor Bureau's Wholesale Price Index Again Advanced Slightly In April 11 Week**

The Bureau of Labor Statistics, U. S. Department of Labor, announced on April 16 that except for sharp increases in prices for livestock and its products, wholesale commodity markets were comparatively steady during the week ended April 11. With a gain of 0.2% the Bureau's comprehensive index of nearly 900 price series rose to 98.1% of the 1926 average, the highest level since September, 1928. In the past month the index has risen 1% and it is now 18% above the corresponding week of last year.

The Labor Bureau's announcement further says:

An increase of 1.4% for hides and leather products was accompanied by advances of 0.4% for farm products and 0.1% for textile products, metals and metal products and miscellaneous commodities. Fuel and lighting materials declined 0.5% largely because of seasonally lower prices for coal and for gasoline in the California area. Average prices for foods in primary markets dropped 0.2%.

Although prices for agricultural commodities rose less than 1/2 of 1% during the week, they are more than 2% higher than a month ago and nearly 40% above the mid-April level of last year. In the past week average prices for livestock rose 2.3% led by sharp increases for cows, steers and hogs. Quotations were also higher for apples, onions and sweet potatoes and for barley, flaxseed and wool. Lower prices were reported for corn, oats, rye, wheat, for calves and live poultry in the Chicago market and for eggs, milk, citrus fruits and white potatoes.

Seasonal declines in prices for fruits and vegetables together with lower prices for milk, certain cured meats and for flour and oatmeal accounted for the decline in the foods group index. Prices were higher for butter, fresh pork, mutton, dressed poultry and for corn meal, rice, dried fruits, canned salmon, salt and sugar. Notwithstanding the recent decrease in food prices they are 1.3% higher than at this time last month and in the past year have risen 25%. Cattle feed prices advanced 1% during the week.

Earlier increases in prices for hides effected higher prices for shoes and leather harness. Quotations for goatskins and sheepskins rose sharply.

Continued advances in prices for raw cotton were reflected in prices for cotton yarns, yard goods and underwear.

Higher prices were reported for certain building materials such as brick, cement and plaster while paint materials, particularly rosin and turpentine, declined.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for March 14, 1942, and April 12, 1941, and the percentage changes from a week ago, a month ago, and a year ago; (2) percentage changes in subgroup indexes from April 4 to April 11, 1942.

Commodity Groups—	(1926=100)					
	4-11 1942	4-4 1942	3-28 1942	3-14 1942	4-12 1941	4-12 1941
All Commodities	98.1	97.9	97.4	97.1	82.9	+0.2 +1.0 +18.3
Farm products	104.6	104.2	103.4	102.3	74.9	+0.4 +2.2 +39.7
Foodstuffs	97.0	97.2	95.9	95.8	77.5	-0.2 +1.3 +25.2
Hides and leather products	119.8	118.1	117.6	116.4	103.9	+1.4 +2.9 +15.3
Textile products	97.1	97.0	95.9	95.9	80.4	+0.1 +1.3 +20.8
Fuel and lighting materials	77.9	78.3	78.1	78.2	73.4	-0.5 -0.4 +6.1
Metals and metal products	103.9	103.8	103.7	103.7	97.8	+0.1 +0.2 +6.2
Building materials	110.5	110.5	110.6	110.2	99.9	0 +0.3 +10.6
Chemicals and allied products	97.1	97.1	97.1	97.1	81.7	0 +0.1 +18.8
Housefurnishing goods	104.3	104.3	104.1	104.1	91.5	0 +0.2 +14.0
Miscellaneous commodities	89.7	89.6	89.7	89.4	78.1	+0.1 +0.3 +14.9
Raw materials	99.4	99.4	98.3	97.4	77.4	0 +2.1 +28.4
Semimanufactured articles	92.8	92.8	92.2	92.1	84.9	0 +0.8 +9.3
Manufactured products	98.5	98.2	97.9	97.9	85.6	+0.3 +0.6 +15.1
All commodities other than farm products	96.7	96.6	96.1	95.9	84.7	+0.1 +0.8 +14.2
All commodities other than farm products and foods	95.6	95.6	95.3	95.2	85.9	0 +0.4 +11.3

**PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM APRIL 4, 1942, TO APRIL 11, 1942**

Increases		Decreases	
Hides and skins	3.1	Other foods	0.4
Livestock and poultry	2.3	Other leather products	0.4
Shoes	1.8	Cement	0.1
Cattle feed	1.0	Cereal products	0.1
Brick and tile	0.8	Furniture	0.1
Meats	0.6	Hosiery and underwear	0.1
Cotton goods	0.4	Other miscellaneous	0.1
Anthracite	2.1	Grains	0.5
Dairy products	1.9	Bituminous coal	0.4
Other farm products	1.3	Paint and paint materials	0.2
Fruits and vegetables	1.2	Fertilizer materials	0.1
Petroleum products	1.0	Leather	0.1
Other textile products	0.1		

**Automobile Financing Down 78% In Month Diversified Financing Unbalanced**

A decrease of 78% from January, 1942, to February, 1942, in the amount of new passenger car financing for both the number of cars and for the dollar volume of paper acquired was announced April 13 by J. C. Capt, Director of the Census. This is identical to the percentage decrease for new cars from December, 1941, to January, 1942. For new commercial cars, the number financed and the volume of paper acquired were both down 71%. Used passenger and used commercial cars were down 23% each for the number of cars financed, and 27% and 19%, respectively, for the volume of paper acquired.

Retail automotive outstandings were down 8%, as compared to a 7% decline during the previous month. The downward trend of retail automotive financing is indicated by the chart. The index, which had risen from 100 to a peak of 178 during the period from Jan. 31, 1940, to Aug. 31, 1941, has in six months dropped 50 points to 128.

The volume of paper acquired for the wholesale financing of new cars kept pace with that for January, but there was a drop of 33% in the volume of wholesale used car paper acquired. The outstanding balances for wholesale automotive, however, increased 19%, as compared to a 12% increase during the previous month.

The trends for diversified financing were mixed. Increases in the volume of retail paper acquired were registered in the financing

of refrigerators, which were up 47%, miscellaneous retail, up 44%, household appliances, up 15%, and radios, pianos and other musical instruments, up 8%. Losses were registered in the volume of paper acquired for the financing of furniture, which was down 12%, and of residential building repair and modernization, which was down 8%. The volume of paper acquired for industrial, commercial, and farm equipment financings was up 57%. The volume of wholesale paper acquired for diversified financing (all commodities other than automotive) was up 54%.

The outstanding balances for retail financing of consumers' goods other than automotive, were down 3%, which is identical to the percentage decrease reported for the previous month. Outstanding balances for industrial, commercial, and farm equipment were up slightly as against a 2% decrease for the previous month. Wholesale diversified outstanding balances continued to pile up, showing a gain of 18% as compared with an increase of 7% last month.

The volume of retail automotive paper acquired during February is 3% of the outstanding balances as of Feb. 28, 1942; the volume of retail paper acquired for consumers' goods other than automotive is 4% of the outstanding balances. For wholesale financings the ratio of the volume of paper acquired to the outstanding balances is much higher, being 27% and 42% for automotive and for diversified financing, respectively.

The compilation of these current trends is based on monthly reports from 292 sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. Neither the dollar volumes reported nor the indices should be used to indicate the total amount of financing by all sales finance companies in the United States. This report differs from the report for January in that the month of January, 1942, is used as the base for the indices on the number of cars financed and on the volume of paper acquired. The indices of outstanding balances for February were obtained by calculating the percentage changes from January to February, as shown by matched schedules, and by linking these percentages to the indices previously derived for January, 1942. Figures of automobile financing for the month of January, 1942, were published in the April 2, 1942, issue of the "Chronicle," page 1348.

**Sales—Finance Companies**

**AUTOMOTIVE FINANCING\***

Number of Cars Financed and Volume of Paper Acquired During February, 1942				
Class of Paper—	Number of Cars—		Volume—	
	Number	% of total	Dollars	% of total
Total retail automotive	84,486	100	\$32,100,467	100
New passenger cars	2,681	3	2,095,236	6
New trucks, buses, tractor-trailers	553	2	522,425	2
Used passenger cars	77,250	91	27,925,166	87
Used trucks, buses, tractor-trailers	4,002	4	1,567,640	5
Total wholesale automotive	---	---	\$79,565,804	100
New cars (pass. and commercial)	---	---	73,056,155	92
Used cars (pass. and commercial)	---	---	6,509,649	8

\*Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing.

**DIVERSIFIED FINANCING\***

Volume of Paper Acquired During February, 1942		
Class of Paper—	Dollar Volume	% of total
Retail—other consumers' goods:		
Furniture	\$303,005	3
Radio, television sets, pianos and other musical instruments	354,021	3
Refrigerators (gas and electric)	1,845,525	16
Other household appliances	824,141	7
Residential building repair and modernization	2,558,945	21
Miscellaneous retail	462,288	4
Total retail—other consumers' goods	\$6,345,925	54
Total wholesale—other consumers' goods	4,780,983	40
Industrial, commercial, and farm equipment	697,543	6
Total diversified financing	\$11,824,451	100

\*Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods.

**AUTOMOTIVE AND DIVERSIFIED FINANCING**

Volume of Paper Acquired During February, 1942, and Balances Outstanding Feb. 28, 1942				
Class of Paper—	Dollar volume of paper acquired during February, 1942		Outstanding balances Feb. 28, 1942	Ratio of paper acquired to outstanding balances
	By all companies*	By all companies* reporting outstanding balances Feb. 28, 1942		
Total retail automotive	\$33,484,533	\$32,724,357	\$1,071,894,006	3
Total wholesale automotive	94,872,747	94,003,844	342,710,554	27
Total wholesale—other consumers' goods	4,780,983	4,725,041	11,174,021	42
Total retail—other consum. goods	13,294,131	13,073,422	297,105,486	4
Industrial, commercial and farm equipment	697,543	587,471	7,071,023	8
Total sales financings	\$147,129,937	\$145,114,135	\$1,729,955,090	8

\*Data are based on reports from all sales finance companies regardless of whether or not they could supply a breakdown and whether or not they could report their outstanding balances.

\*Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

**Engineering Construction Down 40% In Week**

Engineered construction volume for the week, \$148,577,000, is up 124% compared with the corresponding 1941 week, but is 40% below the high volume of a week ago as reported by "Engineering News-Record" April 16. Private construction just tops last week's mark, but is 20% under last year. Public work declines 42% from the preceding week; however, it exceeds the 1941 week's total by 174%.

The current week's volume brings 1942 construction to \$2,495,145,000, an increase of 44% over the opening 16-week period a year ago. Private construction, \$227,474,000, is 52% lower than in the period last year. Public work, \$2,267,671,000, increases 79% over a year ago as a result of the 138% gain in Federal construction.

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

	Apr. 17, 1941	Apr. 9, 1942	Apr. 16, 1942
Total construction	\$66,308,000	\$246,344,000	\$148,577,000
Private construction	17,185,000	13,772,000	13,774,000
Public construction	49,123,000	232,572,000	134,803,000
State and municipal	22,696,000	22,228,000	7,631,000
Federal	26,427,000	210,344,000	127,172,000

### Weekly Coal And Coke Production Statistics

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite for the week ended April 11 was estimated at 1,112,000 tons, an increase of 232,000 tons, or 26.4% over the preceding week. When compared with the output in the corresponding week of 1941, there was an increase of 478,000 tons (about 75%). The calendar year to date shows a gain of 5.1% when compared with the corresponding period of 1941.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended April 11 showed a decrease of 12,000 net tons when compared with the output for the previous week. Coke from beehive ovens increased 3,200 tons during the same period.

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report states that production of soft coal in the week ended April 11 is estimated at 11,250,000 net tons. This is a sharp increase over the preceding week, when output was curtailed by the holiday on April 1, and is higher than any weekly figure recorded for the month of March, 1942.

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

	Week Ended			January 1 to Date		
	Apr. 11 1942	Apr. 4 1942	Apr. 12 1941	Apr. 11 1942	Apr. 12 1941	Apr. 10 1937
*Bituminous coal—						
Total, incl. mine fuel	11,250	10,500	1,078	157,854	135,851	142,743
Daily average	1,875	2,019	180	1,853	1,580	1,697
†Crude petroleum—						
Coal equiv. of weekly output	5,676	5,475	5,772	91,153	84,527	75,670

\*Includes for purposes of historical comparison and statistical convenience the production of lignite.

†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).

‡Subject to revision.  
§Subject to current adjustment.

#### ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE (In Net Tons)

	Week Ended			Calendar year to date		
	Apr. 11 1942	Apr. 4 1942	Apr. 12 1941	Apr. 11 1942	Apr. 12 1941	Apr. 13 1937
Penn. anthracite—						
*Total, incl. colliery fuel	1,112,000	880,000	634,000	15,915,000	15,140,000	20,730,000
†Commercial production	1,056,000	836,000	602,000	15,119,000	14,383,000	19,237,000
Beehive coke—						
United States total	151,900	148,700	7,000	2,145,600	1,665,200	1,780,500
By-product coke—						
United States total	1,157,200	1,169,200	† 16,877,500	†	†	†

\*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

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

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

State—	Week Ended					April ave. 1923
	Apr. 4 1942	Mar. 28 1942	Apr. 5 1941	Apr. 6 1940	Apr. 3 1937	
Alaska	3	2	5	2	2	**
Alabama	354	385	100	267	239	412
Arkansas and Oklahoma	48	41	18	11	38	70
Colorado	107	130	61	86	125	184
Georgia and North Carolina	1	1	††	1	††	***
Illinois	1,133	1,122	342	660	933	1,471
Indiana	425	470	175	285	324	514
Iowa	59	58	27	41	75	100
Kansas and Missouri	150	159	115	95	159	138
Kentucky—Eastern	881	850	236	588	648	620
Kentucky—Western	209	211	255	121	203	188
Maryland	40	45	9	28	47	52
Michigan	5	7	8	7	4	22
Montana	63	70	54	57	49	42
New Mexico	26	27	18	21	32	59
North and South Dakota	50	37	24	34	35	**16
Ohio	593	726	148	328	390	766
Pennsylvania bituminous	2,673	2,868	687	1,780	1,772	3,531
Tennessee	129	152	57	109	106	121
Texas	6	8	7	15	14	20
Utah	64	92	25	42	57	70
Virginia	393	353	131	230	213	249
Washington	29	32	31	29	26	35
*West Virginia—Southern	2,128	2,250	465	1,513	1,249	1,256
†West Virginia—Northern	816	912	215	520	430	778
Wyoming	115	140	105	83	71	116
‡Other Western States	††	2	††	††	††	**6
Total bituminous coal	10,500	11,150	3,327	6,953	7,241	10,836
§Pennsylvania anthracite	880	1,158	655	709	1,092	1,974
Total, all coal	11,380	12,308	3,982	7,662	8,333	12,810

\*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. \*\*Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

### Bank Debts Up 13% From Last Year

Bank debts as reported by banks in leading centers for the week ended April 15 aggregated \$10,875,000,000. Total debts during the 13 weeks ended April 15 amounted to \$141,028,000,000, or 14% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 5% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 19%.

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

Federal Reserve District—	Week Ended		13 Weeks Ended	
	Apr. 15, 1942	Apr. 16, 1941	Apr. 15, 1942	Apr. 16, 1941
Boston	660	573	8,369	7,016
New York	4,180	3,722	54,199	51,072
Philadelphia	553	501	7,542	6,585
Cleveland	815	788	10,297	8,780
Richmond	448	375	5,811	4,808
Atlanta	374	318	4,935	4,049
Chicago	1,673	1,486	21,992	18,965
St. Louis	357	309	4,622	3,755
Minneapolis	214	172	2,599	2,065
Kansas City	349	318	4,517	3,679
Dallas	294	259	3,823	3,114
San Francisco	957	798	12,323	10,105
Total, 274 reporting centers	10,875	9,620	141,028	124,004
New York City*	3,807	3,398	49,021	46,639
140 other centers*	6,091	5,387	79,379	67,507
133 other reporting centers	977	835	12,628	10,309

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

### Weekly Statistics Of Paperboard Industry

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

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

#### STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640,188	649,021	554,417	98	--
December	743,637	769,775	530,459	93	--
1942—Month of—					
January	673,122	668,230	528,698	102	--
February	640,269	665,689	493,947	101	--
March (5 weeks)	781,805	838,298	436,029	101	--
1941—Week Ended—					
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,880	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87
Nov. 29	169,111	164,875	554,417	101	87
Dec. 6	181,185	166,080	567,373	102	87
Dec. 13	149,021	163,226	553,369	101	88
Dec. 20	148,874	166,948	555,556	101	88
Dec. 27	110,138	124,258	523,119	76	88
1942—Week Ended—					
Jan. 3	147,419	140,263	530,549	86	88
Jan. 10	162,493	160,095	527,514	101	--
Jan. 17	167,846	165,360	525,088	102	102
Jan. 24	161,713	169,735	514,622	101	102
Jan. 31	181,070	167,040	528,698	101	102
Feb. 7	162,694	168,424	522,320	101	102
Feb. 14	156,745	167,424	510,542	101	102
Feb. 21	157,563	165,240	496,272	102	102
Feb. 28	163,067	164,601	493,947	100	102
Mar. 7	177,823	165,081	505,233	101	101
Mar. 14	140,125	166,130	476,182	100	101
Mar. 21	157,908	169,444	465,439	101	101
Mar. 28	144,061	168,394	442,556	100	101
Apr. 4	181,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101

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

### Fertilizer Ass'n Price Index Again Higher

The general level of wholesale commodity prices was again higher last week, according to the price index compiled by the National Fertilizer Association April 20. In the week ended April 18, 1942, this index rose to 127.7% of the 1935-1939 average, compared with 126.8 in the preceding week. A month ago the index was 124.0 and a year ago, 104.4.

The gain in the all-commodity index was the net result of substantial increases in food and building material prices. In the food group advancing quotations were registered by 12 items while only 4 declined, causing another marked rise in the food price index. The price of southern pine was adjusted to a new ceiling level. This advance combined with an increase in brick was responsible for a sharp upturn in the building material price average. Small increases were registered by the indexes of chemical and drugs and miscellaneous commodities. The farm product index lost most of the previous week's gain as cotton, grains, and most livestock quotations dropped off. Prices of cotton goods moved back to the level of two weeks ago, raw cotton likewise was lower in price, more than offsetting increases in woolen yarn quotations, and resulting in the textile price index easing off slightly.

During the week price changes in the index were nearly evenly balanced, with 25 price series advancing and 26 declining; in the preceding week there were 28 advances and 8 declines; in the second preceding week there were 25 advances and 11 declines.

#### WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

(1935-1939 = 100)

% of Total Index	Group	Latest Week	Preceding Week	Month Ago	Year Ago
25.3	Foods	125.6	124.6	121.6	99.0
	Fats and Oils	138.0	137.3	136.1	98.1
	Cottonseed Oil	159.3	159.0	159.0	104.5
23.0	Farm Products	137.7	138.7	133.8	99.4
	Cotton	193.3	194.5	183.8	105.7
	Grains	113.9	115.3	119.8	92.3
	Livestock	133.0	133.8	127.0	99.0
17.3	Fuels	117.4	117.4	113.3	102.2
10.8	Miscellaneous commodities	128.3	128.0	127.5	114.5
8.2	Textiles	149.5	149.7	146.9	120.5
7.1	Metals	104.4	104.4	104.4	103.4
6.1	Building materials	151.7	140.0	139.6	118.1
1.3	Chemicals and drugs	120.7	120.3	120.3	104.9
.3	Fertilizer materials	118.7	118.7	118.9	107.0
.3	Fertilizers	115.3	115.3	115.3	101.2
.3	Farm machinery	104.1	104.1	103.8	99.7
100.0	All groups combined	127.7	126.8	124.0	104.4

\*Indexes on 1926-1928 base were: April 18, 1942, 99.5; April 11, 1942, 98.8; April 19, 1941, 81.3.

### NYSE Annual Shows Drop In Secur. Business

Member firms of the New York Stock Exchange decreased last year from 591 as of Jan. 1, 1941, to 557 on Jan. 1, 1942; branch offices were reduced from 978 to 868, and non-member correspondent firms, which maintain direct wire connections with members, declined from 3,026 to 2,606, according to the Stock Exchange Year Book, just published. Branch offices of member firms as of Jan. 1, 1942, were located in 349 cities in 44 States, two territories and five foreign countries.

During 1941, 627 of the 834 common stock issues listed on the Exchange paid cash dividends aggregating \$2,280,6

### Opposes Advancing N.Y. Tax Payment Date

Opposition to a bill in the N. Y. State Legislature advancing the tax payment date of business corporations, taxable under Article 9a of the Tax Law, was expressed on April 7 by the Commerce and Industry Association of New York, Inc. Under the proposed legislation, corporations would be required to pay the first half of the tax on March 15 or seven and one-half months prior to the commencement of the tax year.

In a letter to the Legislature, the Association called the proposal "burdensome and unreasonable," and stated that it will impose hardships upon corporate financing, making the payment of Federal taxes on March 15 more difficult. The Association points out that the business franchise tax was formerly payable on or about Dec. 31. The tax payment date was heretofore advanced so that one-half is now payable on May 15, the second half being payable on Jan. 15 of the following year.

"In these troublesome times," the letter said, "the Legislature should refrain from adding additional burdens upon business now finding it difficult to comply with all of the war-time regulations presently imposed. Instead of advancing the date of payment, the Legislature should aid business by making the tax payment date conform to the year for which the tax is imposed."

### Camelback For Tires

Authority under which retreaders and recappers will be able to get initial allotments of camelback for passenger car tires and local rationing boards may issue certificates for purchase of new tubes for List B passenger cars and trucks is contained in Amendment No. 4 to the Revised Tire Rationing Regulations, announced on April 7 by Price Administrator Leon Henderson.

The amendment, which went into effect April 10, prohibits the application of truck type camelback to tires to be used on passenger cars and the application of passenger type material to truck tires.

Explaining the order, the OPA said: "By the terms of the amendment, a retreader or recapper who as of midnight March 22 had passenger type camelback inventory equal to less than 500 pounds for each mold or curing table in his establishment capable of treading only tires smaller than 7.50-20 can get a certificate for purchase of enough to bring his stock as of March 23 up to that level.

To get such a certificate, he must apply not later than April 30, 1942, to the local rationing board which serves the area in which his principal office is located. Application forms will be furnished by the board any time after the effective date of the amendment.

Taking into consideration the amount of the retreader's inventory as of Mar. 22, the board may issue a certificate which will permit him to buy the difference between that amount and the permitted initial allotment of 500 pounds per mold or curing table which can handle only tires smaller than 7.50-20.

The recipient of such a certificate may use it for purchase of the material from a supplier of camelback any time before June 1, 1942. If one supplier is unable to fill the entire order, the certificate holder may return to the local board which then may issue as many certificates as are necessary to permit spreading the purchase among several suppliers.

### Revenue Freight Car Loadings During Week Ended April 11, 1942 Totaled 814,233 Cars

Loading of revenue freight for the week ended April 11, totaled 814,233 cars, the Association of American Railroads announced on April 16. The increase above the corresponding week in 1941 was 134,425 cars or 19.8%, and above the same week in 1940 was 195,128 cars or 31.5%.

Loading of revenue freight for the week of April 11 decreased 14,657 cars or 1.8% below the preceding week.

Miscellaneous freight loading totaled 364,600 cars, a decrease of 12,056 cars below the preceding week, but an increase of 17,183 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 132,367 cars, a decrease of 7,431 cars below the preceding week, and a decrease of 29,300 cars below the corresponding week in 1941.

Coal loading amounted to 160,646 cars, an increase of 12,830 cars above the preceding week, and an increase of 129,054 cars above the corresponding week in 1941 which was affected by strike.

Grain and grain products loading totaled 33,861 cars a decrease of 1,469 cars below the preceding week, but an increase of 165 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of April 11 totaled 20,976 cars, a decrease of 973 cars below the preceding week, but an increase of 1,040 cars above the corresponding week in 1941.

Live stock loading amounted to 11,117 cars, a decrease of 869 cars below the preceding week, but an increase of 329 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of April 11 totaled 8,447 cars, a decrease of 968 cars below the preceding week, but an increase of 436 cars above the corresponding week in 1941.

Forest products loading totaled 46,867 cars, a decrease of 1,548 cars below the preceding week, but an increase of 7,585 cars above the corresponding week in 1941.

Ore loading amounted to 51,007 cars a decrease of 4,037 cars below the preceding week, but an increase of 5,056 cars above the corresponding week in 1941.

Coke loading amounted to 13,768 cars, a decrease of 77 cars below the preceding week, but an increase of 4,353 cars above the corresponding week in 1941.

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

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Week of April 4	828,890	683,402	602,835
Week of April 11	814,233	679,806	619,105
Total	11,795,608	10,750,195	9,932,470

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended April 11, 1942. During this period 90 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED APRIL 11

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
<b>Eastern District—</b>					
Ann Arbor	593	575	601	1,391	1,130
Bangor & Aroostook	2,420	2,044	1,904	240	250
Boston & Maine	8,269	8,136	6,619	14,990	12,493
Chicago, Indianapolis & Louisville	1,404	1,038	1,140	1,895	1,948
Central Indiana	26	9	23	61	38
Central Vermont	1,204	1,383	1,285	1,943	2,199
Delaware & Hudson	6,400	4,659	4,463	12,826	8,564
Delaware, Lackawanna & Western	8,164	9,057	8,482	10,012	7,395
Detroit & Mackinac	275	255	242	129	102
Detroit, Toledo & Ironton	2,151	1,480	2,504	1,424	712
Detroit & Toledo Shore Line	379	419	314	3,547	2,300
Erie	14,078	14,236	10,696	15,868	11,228
Grand Trunk Western	4,557	5,988	4,728	8,259	7,888
Lehigh & Hudson River	215	290	259	3,440	2,002
Lehigh & New England	2,210	1,528	1,394	1,699	875
Lehigh Valley	8,860	7,435	7,007	11,811	7,850
Maine Central	2,539	2,830	2,300	4,122	3,548
Monongahela	6,950	315	4,837	382	354
Montour	2,253	25	1,458	28	41
New York Central Lines	47,102	43,938	37,939	55,040	31,460
N. Y., N. H. & Hartford	11,917	10,819	8,758	19,799	15,264
New York, Ontario & Western	956	983	1,062	3,260	2,082
New York, Chicago & St. Louis	7,360	6,023	4,876	14,826	10,425
N. Y., Susquehanna & Western	555	461	392	1,202	1,340
Pittsburgh & Lake Erie	8,389	6,780	5,654	9,495	3,436
Pere Marquette	5,473	6,607	6,171	6,452	5,169
Pittsburgh & Shawmut	639	160	760	36	39
Pittsburgh, Shawmut & North	441	215	389	331	198
Pittsburgh & West Virginia	947	392	509	3,372	1,938
Rutland	487	651	609	1,091	980
Wabash	5,526	5,945	4,954	10,934	8,699
Wheeling & Lake Erie	5,642	3,449	3,294	5,061	3,169
<b>Total</b>	<b>168,381</b>	<b>148,125</b>	<b>136,023</b>	<b>224,966</b>	<b>155,117</b>
<b>Allegheny District—</b>					
Akron, Canton & Youngstown	650	629	513	974	799
Baltimore & Ohio	40,634	28,061	28,437	28,613	16,912
Bessemer & Lake Erie	4,497	2,291	2,243	2,093	1,406
Buffalo Creek & Gauley	303	3	325	2	1
Cambria & Indiana	1,818	6	1,330	8	7
Central R. R. of New Jersey	7,721	6,943	5,982	20,106	12,591
Cornwall	672	675	627	76	51
Cumberland & Pennsylvania	312	63	211	32	36
Ligonier Valley	132	46	94	48	38
Long Island	798	843	536	3,285	2,792
Penn-Reading Seashore Lines	1,664	1,561	1,098	2,156	1,646
Pennsylvania System	80,186	63,651	55,146	68,892	40,931
Reading Co.	15,809	15,712	12,555	26,776	15,927
Union (Pittsburgh)	20,466	20,484	13,850	4,901	3,496
Western Maryland	4,533	2,240	3,178	13,437	6,146
<b>Total</b>	<b>180,195</b>	<b>143,208</b>	<b>126,127</b>	<b>173,399</b>	<b>102,779</b>
<b>Poconos District—</b>					
Chesapeake & Ohio	28,946	8,713	22,543	13,371	7,710
Norfolk & Western	23,381	7,982	17,690	7,371	5,085
Virginian	4,647	849	3,679	2,127	1,598
<b>Total</b>	<b>56,974</b>	<b>17,544</b>	<b>43,912</b>	<b>22,869</b>	<b>14,393</b>

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
<b>Southern District—</b>					
Alabama, Tennessee & Northern	361	325	250	440	1,544
Atl. & W. P.—W. R. R. of Ala.	909	955	761	2,519	1,707
Atlanta, Birmingham & Coast	696	731	598	1,144	1,019
Atlantic Coast Line	13,835	13,292	10,069	9,528	5,865
Central of Georgia	4,415	4,791	3,865	4,324	3,835
Charleston & Western Carolina	429	464	399	1,906	1,374
Clinchfield	1,694	1,521	1,239	2,934	1,789
Columbus & Greenville	328	333	344	257	345
Durham & Southern	163	236	160	555	267
Florida East Coast	2,694	1,092	1,339	1,226	1,071
Gainesville Midland	50	42	36	158	125
Georgia	1,550	1,082	1,029	2,278	2,040
Georgia & Florida	426	404	297	596	595
Gulf, Mobile & Ohio	4,082	4,002	3,425	3,677	3,306
Illinois Central System	27,301	22,306	18,998	14,881	11,922
Louisville & Nashville	26,708	15,281	20,943	10,189	7,281
Macon, Dublin & Savannah	172	179	126	714	782
Mississippi Central	186	189	128	454	403
Nashville, Chattanooga & St. L.	3,174	3,537	3,311	3,817	3,467
Norfolk Southern	1,295	1,402	1,253	1,490	1,010
Piedmont Northern	476	480	395	1,232	1,246
Richmond, Fred. & Potomac	553	378	319	9,969	6,018
Seaboard Air Line	11,591	10,126	9,411	7,267	5,391
Southern System	25,444	23,772	21,250	22,146	15,562
Tennessee Central	736	569	399	965	530
Winston-Salem Southbound	122	147	135	916	805
<b>Total</b>	<b>129,390</b>	<b>107,636</b>	<b>100,329</b>	<b>105,582</b>	<b>78,000</b>

<b>Northwestern District—</b>					
Railroads	1942	1941	1940	1942	1941
Chicago & North Western	20,176	20,081	13,965	11,922	10,346
Chicago Great Western	2,596	2,508	2,484	2,966	2,969
Chicago, Milw., St. P. & Pac.	20,152	18,995	17,982	9,052	7,991
Chicago, St. Paul, Minn. & Omaha	3,288	3,229	3,191	3,553	4,073
Duluth, Missabe & Iron Range	11,229	16,207	1,001	300	267
Duluth, South Shore & Atlantic	525	417	454	568	562
Elgin, Joliet & Eastern	9,890	9,562	6,475	10,029	5,048
Ft. Dodge, Des Moines & South	17,382	15,627	494	153	136
Great Northern	552	514	494	1,153	1,366
Green Bay & Western	1,839	1,515	997	4,162	4,079
Lake Superior & Ishpeming	2,054	1,602	1,075	80	72
Minneapolis & St. Louis	6,919	5,645	4,473	3,063	2,511
Minn., St. Paul & S. S. M.	10,609	9,420	9,208	4,592	3,998
Northern Pacific	138	153	61	391	391
Spokane International	2,718	2,507	1,634	3,147	1,915
<b>Total</b>	<b>110,684</b>	<b>109,456</b>	<b>73,265</b>	<b>56,809</b>	<b>47,025</b>

<b>Central Western District—</b>					
Railroads	1942	1941	1940	1942	1941
Atch., Top. & Santa Fe System	20,158	20,744	17,679	8,897	7,117
Allouez	3,456	3,178	2,521	3,644	2,519
Bingham & Garfield	610	614	559	99	71
Chicago, Burlington & Quincy	15,229	14,296	13,804	9,489	9,022
Chicago & Illinois Midland	2,734	207	1,878	808	808
Chicago, Rock Island & Pacific	9,753	12,262	10,312	9,430	9,537
Colorado & Eastern Illinois	2,431	2,383	2,486	2,880	2,911
Denver & Southern	835	629	688	1,663	1,667
Denver & Salt Lake	2,547	1,283	1,964	4,673	3,069
Fort Worth & Denver City	308	161	347	17	8
Illinois Terminal	895	1,122	870	1,095	966
Missouri-Illinois	1,819	1,733	1,617	1,929	1,428
Nevada Northern	1,267	932	768	443	333
North Western Pacific	1,936	1,941	1,955	123	66
Peoria & Pekin Union	999	765	678	397	394
Southern Pacific (Pacific)	7	5	8	0	0
Toledo, Peoria & Western	246	334	295	1,006	1,380
Union Pacific System	15,002	14,479	13,160	10,748	8,384
Utah	394	0	227	7	4
Western Pacific	2,095	1,601	1,559	3,611	2,039
<b>Total</b>	<b>109,985</b>	<b>103,636</b>	<b>96,266</b>	<b>70,461</b>	<b>57,932</b>

<b>Southwestern District—</b>					
Railroads	1942	1941	1940	1942	1941
Burlington-Rock Island	129	157	140	167	217
Gulf Coast Lines	4,717				

## Steel Production Gains—War And Lease-Lend Orders Crowd Mills—Scrap Relief Seen

When the flow of war goods from U. S. plants reaches the level where the Government is hard pressed to finding storing and shipping space, industry will know that the job set up for it is on the way to being done, states "The Iron Age" in its issue of today (April 23). This week brought new evidence that the flood is not far off and that within a reasonably short time the emphasis may shift from intensifying manufacture of war implements to speeding their transport to battle areas, continues the "Age", which further says in part:

"War goods are piling up at the docks on both Coasts and are backing up at some inland war plants. For example, 40,000 military trucks are standing at a single East Coast port waiting for ships. At one inland plant there are 30,000 combat vehicles ready to be shipped. Thousands of trucks, many of them intended for use in Russia, have been stocked.

"Soon the surplus of war goods, which involves other factors than ship sinkings, will spread from combat vehicles, in which a tremendous flow might be expected, to other war materials and implements. Already a few plants are said to fear that they soon will receive 'stop production' orders or 'slow-down' orders.

"This week steel production in the U. S., according to 'Iron Age' estimates, rebounded a point to 99% of capacity, equalling in actual tonnage, the all-time high of two weeks ago. For the most part, the recovery was the result of returns to operation of furnaces that have been off for repairs. Scrap is moving more freely than in many months, although constant pressure is required to keep sufficient quantities going into the plants. Allocations and spring weather are factors in this improvement. Producers in one area have been getting a little more scrap than they are using, permitting, in this one case, the accumulation of a small stock.

"Latest development in the scrap market is court action against two steel companies, a broker and 24 dealers in an effort by OPA to insure an 'orderly' market. Bright spots in the scrap supply picture are the planned addition of two openhearth to the active list at an Ohio steel plant, an increase in slag dump 'mining' operations and invaluable contributions from public scrap drives such as that at Buffalo where 65,000 tons is reported uncovered.

"The scrap shortage should be relieved by next December with the aid of increased blast furnace output, C. M. White, Republic Steel Corp. Vice President, said this week at Cleveland. He estimated that the steel industry is now 3,100,000 net tons short of having enough scrap."

The American Iron and Steel Institute on April 20 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.6% of capacity for the week beginning April 20, compared with 97.2% one week ago, 99.0% one month ago and 96.0% one year ago. This represents an increase of 0.4 point or 0.4% from the preceding week. The operating rate for the week beginning April 20 is equivalent to 1,657,900 tons of steel ingots and castings, compared to 1,651,100 tons one week ago, 1,681,600 tons one month ago, and 1,549,300 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets on April 20 stated in part: "Delivery promise on steel below A-1 priority is virtually impossible to obtain under present circumstances and early delivery requires priority well up in this classification.

"Concentration of steel consumption in war work, reflecting conversion of civilian facilities to essential production, is largely responsible for the large proportion of orders bearing high rating. Practically no requests now are received by mills for material on low priority, cessation of manufacture of a large number of durable consumer goods cutting them to a minimum.

"Scrap supply is keeping up the improvement of the past few weeks but increased consumption is preventing accumulation in reserves. Not all areas are receiving sufficient material and some open hearths continue idle.

"Pig iron producers have been given relief by OPA from the necessity of absorbing increased transportation costs involved in shipments under allocation to points outside their usual market areas. A new ruling permits producers in case of such shipments, due to emergency conditions, to charge the basing point price, plus differentials established in the schedules and freight charge from basing to delivery point, with deduction of \$1 per gross ton.

"Requests for pig iron allocations under priorities below the A classifications have practically disappeared, consumers being increasingly engaged in production of war work.

"Office of Price Administration has opened the door for applications for relief from the \$6 ceiling on beehive fuel. The producer must show that net realization is insufficient to support continued operation at the maximum price.

"Composite prices continue unchanged under ceiling regulations, finished steel at \$56.73, semi-finished steel at \$36, steelmaking pig iron \$23.05 and steel making scrap \$19.17."

## Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on April 14 that reports received by the bank from commercial paper dealers show a total of \$384,300,000 of open market paper outstanding on March 31. This amount compares with \$388,400,000 of commercial paper outstanding on Feb. 28 and with \$263,300,000 on March 31, 1941.

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

1942—	\$	1941—	\$
Mar. 31	384,300,000	Mar. 31	263,300,000
Feb. 28	388,400,000	Feb. 28	240,700,000
Jan. 31	380,600,000	Jan. 31	232,400,000
<b>1941—</b>			
Dec. 31	374,500,000	Dec. 31	217,900,000
Nov. 29	347,100,000	Nov. 30	231,800,000
Oct. 31	377,700,000	Oct. 31	252,400,000
Sept. 30	370,500,000	Sept. 30	250,700,000
Aug. 30	353,900,000	Aug. 31	244,700,000
July 31	329,900,000	July 31	232,400,000
June 30	299,000,000	June 29	224,100,000
May 31	285,000,000	May 31	234,200,000
Apr. 30	274,600,000	Apr. 30	236,600,000

## Subscription and Allotment Figures On Treasury Certificate Offering

Final figures on the recent offering of 1/2% Treasury certificates of indebtedness, of Series A-1942, were revealed by the Treasury Department on April 16, indicating that total subscriptions received were \$3,062,250,000, of which \$1,507,000,000 were allotted. Preliminary results of the offering, made on April 3, were given in these columns of April 16, page 1540.

Final subscription and allotment figures with respect to the current offering of 1/2% Treasury certificates of indebtedness of Series A-1942.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District—	Total Subscriptions Received	Total Subscriptions Allotted
Boston	\$212,414,000	\$104,289,000
New York	1,724,584,000	832,804,000
Philadelphia	111,799,000	55,613,000
Cleveland	150,548,000	75,334,000
Richmond	77,737,000	39,828,000
Atlanta	73,532,000	37,200,000
Chicago	368,055,000	185,568,000
St. Louis	71,103,000	37,386,000
Minneapolis	50,052,000	27,087,000
Kansas City	44,835,000	23,493,000
Dallas	47,634,000	24,526,000
San Francisco	129,772,000	63,774,000
Treasury	185,000	98,000
<b>Total</b>	<b>\$3,062,250,000</b>	<b>\$1,507,000,000</b>

## From Washington

(Continued from First Page)

After the last war, our great enterprising American press established correspondents all over Europe, relatively few of whom made any pretense of being able to speak the language of the country which they so graphically wrote about. When you consider the difficulty you have in making a man fully understand you across the table, you can imagine how informative must have been the work of the correspondents. We became quite Europe conscious. American widows having been left competences and men who had acquired them retired in droves to France where the rate of exchange stretched out their competences appreciably. Tourists went over to Europe by thousands and saw post cards of a "workers' housing project" here and there and marvelled about how "socially advanced" and "socially conscious" the European countries were. They saw factories in Russia and wondered why we didn't have factories in this country; whenever they saw a building being erected they marvelled at what could be done in a country where there was a "plan"—planning by the Government.

We never noticed the new house going up next door over here, a new plant made no impression on us. The fellow next door could die and leave his family in straightened circumstances. We would know nothing about it but we became terribly excited about a street brawl in Bratislava.

When you stop and think, in fact, just how far we have advanced in our first spree of occupying our rightful place in world affairs, etc., etc., it almost takes your breath to contemplate what will happen now that we are officially to do it, that we are to do it at least with the blessing of the New Deal and the Republican National Committee meeting in Chicago. Frankly, it is a rather awesome spectacle.

It is even more awesome when you consider the particular agency which the New Deal has set up for us to occupy our rightful place in the world with, the Economic Warfare Board under that great linguist and philanthropist, Henry Wallace. The present name of the agency is really a misnomer. It should be called The Board to Occupy Our Rightful Place in World Affairs, BOORPWA. Another American philanthropic agency, the Rockefeller Foundation, of course, has been doing wonders for mankind all over the world these many years but its work could hardly be called an official occupying of our rightful place, etc.

Some light might be thrown on the difference between an official occupying and unofficial occupying by studying a statement issued

when the job of buying up strategic materials was recently taken from Jesse Jones and given to Henry. The necessity for doing this, it was explained, was speed. For example, a U. S. agent might be walking down the streets of Turkey and he would see, probably in a window display, some strategic materials. Well, the idea in a case of this kind is to buy those materials before the Axis can buy them. This is what is known, it was explained patiently, as "preclusive" buying one of the cutest little words the New Deal has ever dug up. Under the old order, before this agent could do anything he would have to take it up with Washington and then as apt as not, Jesse would inquire about the price. But now, all the agent has to do is to take out a Government check book and buy the stuff on the spot. It is truly amazing how our people can swing into action when they have been sufficiently provoked, or at least, how their Government can swing into it.

I imagine that all these years the Rockefeller Foundation would first look over the ground before it began throwing its money around. We can't be wasting time like that in an official occupying of our rightful place in world affairs.

In one respect I suppose our occupying our rightful place henceforth and our occupying it in the past will be the same. For 25 years our "Liberals" have hounded the life out of American investors who built up plants in foreign countries, help develop the resources of those countries. Very likely we shall pursue this policy.

## Fin. Advertisers Clinic

Victor Cullin, President of the Financial Advertisers Association, has announced that its members will get together for a Clinic for the 27th year in Chicago at the Edgewater Beach Hotel on Oct. 26, 27, and 28. L. E. Townsend Vice-President of the Association and Assistant Vice-President of the Bank of America, San Francisco, who is General Chairman of the Convention this year, states, that since this is war time there will be no time for entertainment, golf tournaments or other usual convention diversions. While the Advertisers Association Conventions in the past have been sessions of study and work interspersed with a limited amount of entertainment, this year the entire three-day program will get right down to real clinics and conferences where men work with feverish heat and produce results.

Guy W. Cooke, Assistant Cashier of the First National Bank of Chicago, is General Chairman of the Chicago group to make all the local arrangements for the convention.

## League Loans In Default

The League Loans Committee (London) comprised of British, American, Dutch and Swiss members and representatives of holders of the League of Nations Loans issued by Austria, Bulgaria, Danzig, Estonia, Greece and Hungary (total issued £81,000,000), state in their ninth report, covering the period July, 1940, to February, 1942, that as a result of the extension of the war in Europe the service of the greater part or the whole of the bonds of each of the League Loans is in default. The work of the Committee has been directed towards mitigating the effects of these defaults, making interim arrangements where possible, and safeguarding the bondholders' formal position. The announcement adds:

Estonia always maintained the full service of her League Loan up to July, 1940, but in that month the Loan fell into complete default after the incorporation of Estonia in the Soviet Union.

Greece made regular provision for payments of 43% of the interest in accordance with the arrangement of January, 1940 up to April, 1941, and the interest service broke down only after the invasion of Greece by Germany. In February, 1942, the Greek Government in London informed the Committee that it was compelled to prolong the suspension of payments forced upon it in April, 1941, but assured them that as soon as possible after the liberation of Greece and the establishment of a measure of economic recovery, it would re-examine the situation and collaborate with the bondholders in order to reach an equitable settlement.

Hungary defaulted on the 1937 Settlement of her League Loan in October, 1940, but subsequently concluded separate arrangements for the service with some of the creditor countries so that the default was limited to certain of the branches only.

Bulgaria and Danzig remained in complete default.

The report was released on behalf of Eliot Wadsworth, American Member League Loans Committee.

## President Signs Bill On Marine War Risk Ins.

President Roosevelt signed on April 11 the bill amending the war risk insurance provisions of the Merchant Marine Act, 1936, so as to permit the Maritime Commission to insure vessels, cargo, and personnel of both American and foreign-flag ships.

Congressional action was completed on April 6. The measure passed the House on March 19 and was approved by the Senate in amended form on April 3; the House agreeing to the Senate changes on April 6. The Maritime Commission's authority to write marine war risk insurance and reinsurance is broadened by the legislation to include any vessel, foreign or domestic, insofar as they are concerned with the war program. Under existing law the Commission is limited to insuring only vessels of United States registry, and then only when it found adequate insurance at reasonable rates was not available through regular commercial companies.

## Mother's Day May 10

President Roosevelt, in a proclamation issued April 8, designated Sunday, May 10, as Mother's Day and called upon the people "to express the love and reverence which we feel for the mothers of our country by the customary display of the flag at our homes and other suitable places and by tokens and messages of affection."

## Items About Banks, Trust Companies

The Directors of J. Henry Schroder Banking Corporation of New York on April 14 elected the following officers: B. Alden Cushman, Assistant Secretary; John E. McNamara and Peter C. A. Carpenter, Assistant Treasurers. The Directors of Schroder Trust Company elected J. Marc Gardner, formerly Assistant Treasurer, to be Assistant Vice-President. R. Canon Clements was elected Assistant Treasurer.

William G. Green, President of the New York Savings Bank, has announced that after more than eight months of delay, while allowing war-related orders to take precedence, the bank has completed its greatly enlarged quarters at Eighth Ave. and 14th St., New York City. The celebration, which was held April 17 and April 18, commemorated the bank's 88th anniversary as well as the official opening of the enlarged quarters. It is announced that the bank's statement for April 1 showed that over 40% of the total deposits of the bank have already been loaned to the Government through bond purchases.

Roger Topp, Vice-President of the Public National Bank of New York, died suddenly on April 20, after a brief illness at the Memorial Hospital. Born in Columbus, Miss., in 1885, Mr. Topp after attending public and high schools in New York City, entered Stanford University, California, where he was a member of the D. K. E. Fraternity, graduating in 1908. After various activities which took him abroad for extensive periods, he joined the official staff of the National Bank of Commerce in New York, New York, where he remained from February, 1923, until April, 1929. Following this, he became Assistant Vice-President of The Public National Bank and Trust Co. of New York, and in 1931 was appointed Vice-President of that institution.

At a meeting of the Board of Directors of the Peoples National Bank of Brooklyn, on April 16, Arthur W. Spolander was elected President to succeed the late George W. Spence. Mr. Spolander was formerly Vice-President and Trust Officer and has been associated with the bank for 33 years. He has also held the office of Assistant Cashier and Cashier. He was elected a Director of the bank in September, 1941. At the same meeting, Charles Oldenbittel was elected Vice-President and Cashier, William H. Schmidt was appointed Trust Officer and Assistant Cashier, and William G. Kaufmann Assistant Cashier and Assistant Trust Officer.

George P. Kennedy, President of the Lafayette National Bank of Brooklyn, in New York, announced on April 14 that George D. Atwood, President of the Decorated Metal Manufacturing Co. of Brooklyn, has been elected a Director of the bank. Mr. Atwood is a Director of the Brooklyn Chamber of Commerce and was formerly President of the Brooklyn Club.

Frederick Gretsch, Jr., Treasurer of the Fred Gretsch Manufacturing Co., has been elected a Trustee of the Lincoln Savings Bank of Brooklyn. Mr. Gretsch is a son of the bank's President.

The Rochester Trust & Safe Deposit Co., Rochester, N. Y., has received permission from the State Banking Department to increase its capital stock and to reclassify its shares, from \$1,000,000, consisting of 50,000 shares of the par value of \$20 each, to \$1,660,000, consisting of 10,000 shares of

convertible preferred stock of the par value of \$50 each and 58,000 shares of common stock of the par value of \$20 each.

Thomas L. Pierce, President of the Providence National Bank of Providence, R. I., has announced that at a regular meeting of the Board of Directors on April 6, Rupert C. Thompson, Jr., was elected First Vice-President and a Director of the bank.

The Manufacturers National Bank of Detroit, in its report of condition as of April 4, 1942, shows total assets of \$264,998,986 and total deposits of \$254,716,684, which compares with \$211,701,234 and \$201,573,718, respectively, on Dec. 31, 1941. Cash, balances with other banks, including reserve balance, and cash items in process of collection, are listed in the latest statement at \$102,682,947, compared with \$95,291,971; United States Government obligations, direct and guaranteed, are given as \$103,974,298, against \$68,796,901, and loans and discounts (including \$18,683 overdrafts) total \$37,718,601, compared with \$36,724,738 on the earlier date. The bank's total capital accounts stands at \$9,683,791, consisting of \$3,000,000 of common stock, \$4,500,000 surplus, \$1,661,088 undivided profits and \$522,703 in reserves. At the close of 1941 the capital account was \$9,609,579.

Negotiations leading to the closing of the largest bank receivership in the history of the United States, the First National Bank of Detroit, Detroit, Mich., were announced on April 10 in a joint statement issued by the Comptroller of the Currency, Preston Delano, and Senator Prentiss M. Brown of Michigan. The remaining assets of this receivership, it is announced, which had an original book value of over \$500,000,000, will be disposed of through a bulk sale to a group representative of Detroit's leading industries. This group is headed by Joseph B. Schlotman, Chairman of the E. L. Ford Co.

The Treasury's announcement in the matter further said:

Under the plan contemplated, the depositors, all of whom have already had returned to them 100% of their funds in the bank at the time of closing, will be offered the option of an immediate payment of a substantial interest dividend on the principal amount of their deposits, or the opportunity to participate in the further liquidation by the Committee of the bank's remaining assets. Any values remaining after the claims of depositors have been settled will inure to the bank's stockholders.

The Comptroller of the Currency, the statement said, has accepted the offer of the Committee, which must be submitted to the courts for final approval.

While the asset liquidation of the bank has been substantially completed, there remains a large volume of assets of various types, it was said, including 2,000 parcel of improved real estate; more than 8,000 real estate contracts for sale and many hundreds of notes, judgments, and other types of assets.

The statement declared that the tentative agreement reached between the Comptroller of the Currency and the Committee would permit the receiver to pay about two-thirds of all interest accrued on deposit claims since the bank suspended business on Feb. 11, 1933.

The First National Bank, Detroit, had deposits of more than \$400,000,000, divided among

more than 600,000 depositors when it folded its doors. Depositors holding claims under \$300 got 100% on their money in 1935 by the sale of their claims to a syndicate of large depositors. These claims numbered about 450,000.

During the nine years the bank was in receivership all depositors received 100% of their claims. Presently their only interest in the bank's assets is through the medium of interest accrued on deposits since the date of suspension nine years ago.

The receivership has been administered by B. C. Schram since 1933.

The Clark County National Bank of Vancouver, Washington, has announced the increase of its capital from \$100,000 to \$150,000 and its surplus from \$100,000 to \$125,000. These amounts, together with undivided profits of \$41,891.38 provide a total capital structure of \$316,891.38. The announcement also says:

The Vancouver, Washington, area has enjoyed a substantial increase in industrial, commercial, and agricultural activities. Deposits of the Clark County National at the time of recent call April 4 had reached an all-time high of \$4,488,568.48.

The bank is an associate of the United States National Bank of Portland, Ore.

## U. S., Mexico Agree On Oil Settlement

The State Department at Washington announced on April 18 that the joint Mexican-American commission on oil expropriations has fixed a value of \$23,995,991 as full and final settlement of claims of American oil properties expropriated by Mexico in 1938.

The two experts who comprised the joint commission—M. L. Cooke, representing the United States, and Manuel J. Zebada for Mexico—agreed that this money shall be paid by Mexico to the United States Government on behalf of the claimants. The agreement provides that the money be allocated as follows:

Standard Oil of New Jersey group, \$18,391,641; Standard Oil of California group, \$3,589,158. Consolidated Oil Co., \$630,151. Sabalo group, \$897,671. Seaboard group, \$487,370.

The companies, it is stated, are not obliged to accept the commission's findings. The experts were appointed by the two governments under a plan worked out last November to settle the long-standing dispute. At that time the principal oil groups voiced their objection to the proposed plan for settlement; referred to in these columns Nov. 27, 1941, page 1248.

According to Washington advices of April 18 to the New York "Herald-Tribune," the five-point agreement between the United States and Mexico provides:

1. The Government of the United Mexican States shall pay to the Government of the United States of America, on behalf of the above-mentioned claimants, the amount of \$23,995,991, in accordance with schedule of payments finally approved by the two governments.

2. Before any payment is made on account of these awards, the corporations affected shall deposit in escrow and, when final payment has been made, shall deliver to the Government of Mexico all documents and instruments of title pertaining to the expropriated properties.

3. The Government of Mexico and each of the said claimants shall release each other respectively of all reciprocal claims that may still be pending against one another, with

the exception of those of the Mexican Government against the companies for unpaid taxes and duties, as well as those based on payments legally made by the Mexican Government for the account of the said companies.

The Mexican Government will assume liability for all private claims which may be instituted after this date by private individuals against these companies as a result of expropriation, but not for the private claims against these companies now pending before the Mexican courts.

4. Recommendation is hereby made that the amount determined be paid as follows: one-third on July 1, 1942, and the balance in five (5) equal annual installments, payable on July 1 of each subsequent year.

5. All balances as shown to be due these said claimants on the several dates prescribed shall bear interest at the rate of 3% a year, dating from March 18, 1938.

## FDR May Visit Canada To Talk Air Training

Prime Minister W. L. Mackenzie King of Canada revealed in Washington on April 17 that President Roosevelt hopes to visit Ottawa within the next few weeks and perhaps address a joint session of the Canadian Parliament.

Prime Minister King made this disclosure at the conclusion of his discussions on the joint war effort with the President, which had been in progress for three days.

Joint announcement was made at the same time by the President and Prime Minister that a conference on the United Nations air training programs will be held early in May in Ottawa. The joint statement said:

The purpose of the meeting lies along the lines of further united military efforts. The meeting in Ottawa would extend the air programs to take in the training of personnel to operate the military aircraft to the end that the most effective use will be made of all resources of personnel.

Great progress has already been made in pooling the airplane production of the United Nations.

Plans for the conference developed out of the recognition of the desirability of more closely coordinating the British Commonwealth (including Britain, Canada, Australia and New Zealand) air training plan with the greatly extended air training program undertaken by the United States and others of the United Nations. In addition this would include China, Norway, the Netherlands and several others which are already at war with the Axis.

Prime Minister King returned to Ottawa on April 19.

## Fire On S.S. Normandie Due To Carelessness

A House Naval Affairs subcommittee formally reported on April 15, after a two-month investigation, that the cause of the fire on the former French liner Normandie, in New York harbor on Feb. 9, was "directly attributable to carelessness and lack of proper supervision."

While sabotage was not held responsible for the disaster which later resulted in the ship capsizing, the subcommittee said that "opportunities for sabotage, or almost any subversive activity, were, however abundant." In submitting the report to the full Naval Committee, the House group criticized Governmental handling of the Naval auxiliary vessel which was being converted for war use and disclosed that the ship was scheduled to sail on Feb. 14.

## Reserve Banks Ask For Details on Loans

The Board of Governors of the Federal Reserve System have undertaken to make a nationwide survey of commercial and industrial loans to be made by member banks between April 16 and May 15, inclusive. The New York Federal Reserve Bank and the other Reserve Banks sent out the loan questionnaire to their respective members over the week-end. It is explained that the purpose of this survey is to provide information, now unavailable, concerning the kinds of loans that are currently being made by banks.

## Officials of New Listed Companies Visited NYSE

Coincident with the admission to trading on April 20 of the common stocks of American Export Lines and Hayes Industries, the New York Stock Exchange was host to officers of those companies who talked with the specialists in their securities, watched the opening of the market, and were luncheon guests of Emil Schram, President of the Exchange, and Robert L. Stott, Chairman of the Board. The Exchange announcement states:

American Export Lines was represented by John E. Slater, Executive Vice-President, and Hugh M. Gillespie, Vice-President, Secretary and Treasurer. The officers of Hayes Industries, who came on from Jackson, Mich., for the occasion, included C. B. Hayes, President; Charles Hollerith, Vice-President; E. C. Hetherwick, Secretary and Treasurer; Leland S. Bisbee, Director, and Don T. McKone, also a Director.

American Export Lines is a shipping and commercial airline company, and Hayes Industries manufactures fans, aircraft wheels, brakes and under-carriages.

## Gannett Papers Up Prices

The Gannett Company, Inc., Rochester, N. Y., announced on April 17 that nine of 19 associate newspapers would increase daily and weekly circulation rates, effective April 20.

Associated Press accounts from Rochester, N. Y., reporting this said:

Single copies, in all cases, will be raised from 3 to 4 cents, and the former weekly rate which, with one exception was 18 cents, will variously increase from 2 to 6 cents.

The exception is the Elmira Advertiser, whose former 15-cent price becomes 20 cents.

Other papers affected and the new weekly rates are: Rochester Times-Union, 20 cents; Rochester Democrat & Chronicle, 20 cents; Elmira Star-Gazette, 20 cents; Utica Press, 22 cents; Utica Observer-Dispatch, 22 cents; Hartford, Conn., Times, 20 cents; Saratoga Springs Saratogian, 24 cents, and the Ithaca Journal, 24 cents.

The last reference to the recent increase in prices of daily papers and magazines, appeared in our issue of April 9, page 1444.

## New Envoy To Russia

Admiral William H. Standley, United States Ambassador to Russia, presented his credentials to President Mikhail Kalinin in Moscow on April 14. Admiral Standley, who is a former Chief of Naval Operations, had arrived in Russia by United States Army plane.

Before leaving the United States, the Admiral received the Navy Distinguished Service Medal from President Roosevelt, as was noted in our issue of March 26, page 1242.