Final Edition

THURSDAY

In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 155 Number 4076

New York, N. Y., Thursday, May 28, 1942

Price 60 Cents a Copy

New Record Volume Of South American Trade Foreseen With Consequent Money Stabilization

The war is creating a great upsurge of trade among the 10 nations on the South American continent and the volume of their commerce among themselves undoubtedly will reach record heights in the latter years of the conflict, according to D. Stewart Iglehart, President of W. R. Grace & Co., and the Grace Line, which have been active in South American trade for nearly 90 years.

In a statement issued May 25, Mr. Iglehart, who has been a close observer of South America since he went there first as a resident manager of Grace Company interests more than 40 years ago, observes that "between 1914 and 1918 inter-South American trade nearly tripled, increasing from 130 millions of dollars to more than 410 millions," and he states that "ever since the first World War inter-South American trade volume has remained on a higher level, the annual total never falling below the 1914 figure except in the low year of 1932." Mr. Iglehart continued:

> Every indication now is that South American commercial history in this war is going to repeat itself. The increase in the trade of the 10 nations among themselves has already started in large volume, total exports of all Latin American nations to their neighbors having expanded 20% between 1939 and 1940. Incomplete figures for 1941 forecast that the relative increase for that year will be even larger.

Gratifying though it is, the increase of trade among the South American nations by no means satisfies their need for many manufactured articles which they do not make. For these they look to the United States but the shortage of such products here and lack of shipping space southbound combine to deny our neighbors many things needed for their economic life. This is a hardship to them of which Washington is conscious and no doubt seeking to remedy.

If the 1914-1918 ratio recurs in this war period inter-South American continental trade in 1943 should reach a total of 600

(Continued on page 2040)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

A lot of the more farsighted Washington correspondents have been doing a lot of thinking the past week about whom, when the war is victoriously over, will get the credit for it, I mean the credit for the victory, not the war.

Heroes galore have been pouring in on us: Bulkeley, Doolittle, Wheless, O'Hare and the spirit of Colin Kelly, etc. These young men have accomplished a tremendous lot. They went out to the battlefronts and made good. Undoubtedly, too, they were of that breed that used to skirt around the corner screechingly on two wheels and make all of us say: Those boys will never come to any good end. They are the representatives of the generation that was "soft," the representatives of that generation about whom we elders used to speak despairingly as the "ne'er do wells."

It so happens that those boys are giving a right good account of themselves.

But in spite of this, and with all their medals, can they possibly compete in the after-war period, with the more articulate men prevalent in Washington who will undoubtedly insist that they were the ones who won the war, who, indeed, are now insisting that they are the main front.

I am speaking of the psychological warfare boys. Every night we hear on the radio and every day we read in the public print, the efforts of these psychological boys. It is a study of the human mind that they think that the Bulkeley's, the Wheless's, the O'Hare's, etc.—while they are nice young fellows—have really not made a major contribution. All they have done is to be shot at and to shoot at them. But they are not among our group of thinkers. They are not men of words. With the exception of Doolittle who has had experience with the press for a long time, no one of them has the knack of telling his story. No one of them is a talkative man. No one of them is good with the pen.

Manifestly, then, they can't figure in on the great overall battle, the decisive battle, the battle

(Continued on page 2041)

GENERAL CONTENTS

THE FINANCIAL SITUATION

In the course of an evidently carefully prepared and, on the whole, admirable address last week, ex-President Hoover remarked that "dictatorial economic powers" in the hands of the President, or "just plan fascist economics" were essential to the winning of the war. So much attention has been attracted to this assertion of Mr. Hoover that there is danger that his main theme will be neglected. His real message was to the effect that we should surrender as few of our traditional liberties as possible, and that those necessarily surrendered should be restored as soon as possible after hostilities cease. We should, he said in effect, insist upon the maintenance of the essentials of free speech, and a free press, not only because they are valuable even in war time but by reason of the fact that they will be the most potent of weapons for use in the restoration of all other freedoms we feel obliged to surrender "for the duration." He defended the right to criticize even the President, war or no war, and pled calmly but strongly for less intolerance of those who before Pearl Harbor thought we should remain at peace and he denounced the "smear" tactics for the recent years so much practiced in political circles.

An Important Issue

Whatever may be thought of his assertion about "plain fascist economics" in times of war, he raised a most important issue at a time when it gravely needed airing, and his words for the most part were plainly words of wisdom. Yet it appears to us that one aspect of this present danger of losing our freedom, economic as well as other, permanently was overlooked. To be sure, nothing could be more important than preservation of freedom of speech and of the press within those limits imposed by the necessity of winning the war. They are the tools upon which we must rely in preserving our liberty as far as may be during the war and of regaining it all after peace comes. They are, however, after all, but the tools with which we

(Continued on page 2036)

Political vs Business Planning

We of American business are planning for the future, fighting men, planning for your future and for ours.

It is an opportune time to reveal that the United States Chamber of Commerce, nationally representing American business and industry, is now working to find a solution to our post-war problems.

This is our pledge to you, men of the fighting forces: We will have jobs for you when you return to your country. * * *

We cannot allow hundreds of thousands of men and women, hungry for employment, eager for a chance to use their talents, their brains and their energy, to go jobless in this land of hope and opportunity.—**Eric Johnston, President of the Chamber of Commerce of the United States.**

It is hardly "news" to the well informed that American business men, whether through their organizations like the Chamber of Commerce of the United States or in their own offices and laboratories, are planning for the post-war period.

Looking carefully and realistically to the future is their habit. That is the reason, or one of them, why American industry has made its record of achievement during the past century.

The trouble is that there are others who are planning, too, and their handiwork may well make it impossible for industry to accomplish what it otherwise might easily achieve.

It is encumbent upon the American people to see to it that *that* does not happen.

Over-Optimism On Early Victory Held Perilous

Secretary of State Cordell Hull, in a formal statement issued on May 23, warned the public against being too over-optimistic about an early victory over the Axis powers. Secretary Hull said in a statement read to his press conference that the "hard fight" will be won "only by the combined all-out efforts of all our people and all of the United Nations," adding that "we should accept our successes in a spirit of sober thanksgiving and meet our reverses with a grim determination to fight all the harder to ultimate and complete victory."

Mr. Hull had been reported as intimating at an earlier press conference (on May 20) that victory might come sooner than had been expected several months ago in view of recent encouraging developments at home and abroad. The issuance of the statement is regarded as intended to correct any erroneous impression that may have arisen from the May 20 reports.

Secretary Hull's statement of May 23 follows:

I have noted with uneasiness that some of the American people, seeing the rapidly increasing strength of the United States and United Nations' successes in various places, are inclined to anticipate an earlier victory than they had heretofore expected. We can too easily be over-optimistic. We are in a hard fight which will be won only by the combined all-out efforts of all our people and all of the United Nations.

We should accept our successes in a spirit of sober thanksgiving and meet our reverses with a grim determination to fight all the harder to ultimate and complete victory.

I have said it recently, but I repeat because it is most important: "Victory will come sooner and with a vast saving in suffering, in life and in property in proportion as every man and woman in this country and each of the United Nations realizes the extreme danger from the purposes of the worst barbarian leaders in all history who plan to conquer and brutally subjugate the world by methods of unparalleled savagery."

Victory will be hastened by every additional ounce of effort which each one of us puts forth in a situation that is as threatening as if his own house were on fire. It will be delayed and will involve an incalculable and unnecessary increase in suffering and in losses with any weakening of such realization and with any lagging in effort and exertion.

New War Foods Board To Be Set Up: Nelson

Donald M. Nelson, Chairman of the War Production Board, revealed on May 21 that an over-all food requirements committee will soon be established under the WPB. Mr. Nelson's announcement was contained in a telegram read to the meeting of the Associated Grocery Manufacturers of America in New York City. He also disclosed that Secretary of Agriculture Wickard will probably head the new organization, which will include representatives of the armed forces, the office of Price Administration, the Board of Economic Warfare and the WPB.

Mr. Nelson's telegram said that the committee will "establish the policies and programs by which America's food supply will be produced and processed during the war," and added that an elaborate food administration will not be necessary since operating details will be handled by existing agencies.

Editorial—

"Fixed Value" Loans In Germany

An Experiment During The Runaway Inflation

By KARL KORANYI

With the progress of the currency depreciation after the first World War, distrust in the national currency of Germany became general. On pay-days, the housewife waited at the factory gates or at the office building in order not to lose an instant in exchanging her husband's earnings for tangible goods. Shopkeepers who found it more profitable to close their stores than sell their merchandise, were forced by law to sell for cash the goods which they had taken out of display or hidden away.

The flight from the currency had spread rapidly. Since about 1921, values expressed in that currency had become meaningless. At that time, a Berlin court fined a culprit 600 pounds of coal, and a municipal council leased a swimming pool to a club at the rent of the price of thirty large mugs of light beer as charged at a popular chain restaurant. In some big mining and metal concerns the salaries of top executives were fixed in pig iron or steel units.

Strange as it may seem at first, there was a scarcity of capital despite the abundance of money. As a matter of fact, for all practical purposes, the capital market did not function at all. The rapid fall in value of the currency had largely destroyed the incentive for saving or for the investment of idle funds.

In 1922, several big industrial companies were conferring with the aim of creating their own "stable value" currency when some financiers evolved the idea of issuing a new type of loan in which commodities served as the basis for calculation of the amount of subscription, interest and redemption.

These "fixed value" loans or, as they were sometimes called, "commodity" loans were subscribable and redeemable in the national currency, the price of certain commodities being used as an index for evaluating this currency. They were, in a way, kindred of the gold clause and multiple currency loans, all of them springing directly from unsettled currency conditions or, at least, a general distrust in the government's ability to maintain a stable national currency. Yet, they are distinguished from these two groups by the fact that they aim at sustaining the real or commodity value of the invested capital rather than its equivalent in gold or foreign exchange.

The construction of such loans was comparatively simple. While the details varied from case to case, the general principle held that subscriptions were made according to the prices ruling on the date of subscription for the particular commodity upon which the issue was based, while interest payments and redemptions were contracted for likewise according to the prices ruling on the dates allotted for payments. The idea was to substitute for the currency or gold, and their respective buying power, some commodity or, rather, its price. Not only did it inspire great confidence, in some investors' minds, to have their capital always linked with the price of commodities, but also experience proved that such investors actually fared better in the end.

Among the first of such issues were the Oldenburg State Credit Bank rye bonds issued at the beginning of 1923.[1] The subscription price represented the value at the time of issue of 125 kilos (1 kilo=2.2 pounds) of rye, redemption to begin April 1, 1927, based on the value of 150 kilos of rye at that time. The exchange quotation of rye on the date of redemption was to determine the rate of redemption. Interest was represented by the difference of 25 kilos between the price of issue (125 kilos) and the prince of redemption (150 kilos).

Another scheme is exemplified by the 5% Badenwerk Coal Loan of 1923.[2] The loan represented the paper Mark equivalent of the value of 125,000 metric tons (1 metric ton = 1,000 kilos) of coal of specified grade, and bore interest at 5%. Individual shares were issued for 10,000, 5,000, 2,000, 1,000 and 500 kilos of coal. All charges were to be calculated on the price of coal.

Along these lines, various coal, lignite, sugar, potash, timber and rye loans were issued by central and local governments as well as by corporate bodies.

Also the contraction of private loans, such as mortgages, on a similar plan had proceeded to an advanced stage. Thus, in East Prussia arrangements were made to grant loans to farmers on a rye basis, this commodity being chosen because of its importance in the German diet and the fact that it is grown in large quantities all over the country. In this particular case, the provincial authorities issued mortgage bonds to the value of a certain quantity of rye, with interest fixed in similar terms. The holder then had to find a person willing to lend on the security of this mortgage or would have to sell the mortgage bonds, handing over the proceeds to the mortgagor.[3]

In practically all cases these loans met with singular success and were oversubscribed shortly after subscriptions were opened. The issuing corporations, of course, received only national currency but they were generally able to convert such currency readily into real securities or materials before much further depreciation occurred.

Practical experience proved that once the people had lost confidence in the stability of the commodity value of the currency, the only way to raise new funds in the capital market at reasonable terms was to convince the investors that they could hope to receive interest and redemption based on about the same buying power they had given away regardless of the nominal value of the currency involved.

To reduce the burden of such guarantee, the debtors tried whenever possible to take as basis for the issue their own particular product or a commodity they used as raw material in their finishing process. Thus rye loans were very convenient to farmers and farm credit associations, particularly as in this section of economic life a primitive and crude rye currency had already been established at an early stage of the inflation. In 1924, about fifty million quintals of rye loans were listed on the German stock exchanges. Compared with rye, wheat was of only minor importance.

Coal loans also were a very popular investment. Coal as a commodity basis was favored by gas, light and power companies, especially since in most power supply contracts the prices of energy were linked with the coal price. Some municipalities which owned or operated an electric power plant also chose coal as the most suitable basic commodity for their loans. For similar reasons, coke was taken in some cases.

In certain parts of Central Europe, lignite takes the place of coal in power plants. Hence lignite or brown coal was the basis for some industrial loans. To make its bonds still more attractive, the State of Hesse issued a compound lignite and rye loan whereby the denomination was defined as the arithmetical average of a quintal of rye and a metric ton of lignite. Some local governments and public utilities found it more convenient to replace the coal price by the price of electricity in their loan indentures. Communities which owned extensive forest areas issued lumber and timber loans.

As to the public response to the various commodity types, coal and rye loans led in popularity. On the other hand, lumber and timber loans never appealed much to the average investor, who seemed to prefer a commodity with a broad international market or, at least, a commodity the price of which was controlled by a syndicate.

It is, of course, a point of great interest to both the investor and the debtor whether the stock exchange quotations of these bonds were in line with the price and fluctuations of the respective commodities. And here experience taught that while during the runaway inflation the stock exchange quotations had caught up fairly well with the commodity prices, they lagged considerably behind them after the currency stabilization. At the end of 1926, for instance, the price of 5% gold mortgage bonds at the German stock exchanges was 80 to 85% of parity. At the same time, the 5% coal loan of the State of Baden was quoted at a discount of 29%, and the 5% rye bonds of the semi-official German Rye Loan Bank at a discount of 34%.[4] An explanation for this might be found in the fact that once the commodity value of the national currency has been restored or stabilized, the further price development of the basic commodities becomes much more uncertain and, measured in terms of the currency, more unstable than hitherto. Although most of the basic commodities were staple goods with a broad international market, the domestic and not the world market prices were decisive for the valuation of the loan. The home market price, however, was not only dependent on the world market fluctuations but was also subject to such modifying factors as good or bad harvests, labor conditions, taxes, government regulations, etc.

Another characteristic of the price curves of these loans was that their fluctuations were much smaller than those of the respective commodities. This fact, however, is not surprising since according to the loan terms the price average of several weeks or even months was to be taken as a basis for the computation of both the interest and the redemption. Thus, price declines or increases were reflected in the stock exchange quotations only if they indicated an actual change of the price trend.

After the currency stabilization, the amortization of the fixed rate obligations progressed rapidly and was almost everywhere far ahead of schedule. The above-mentioned discount was no doubt a great stimulus for the debtors to increase their sinking fund and redemption purchases. Furthermore, certain accounting difficulties made such profitable operations all the more desirable. And, above all, there was always a risk regarding the future price development, which the debtors hastened to eliminate as soon as possible.

With the definite stabilization of the currency, the issue of new commodity loans stopped. Some debtors offered a premature redemption of the whole issue or a conversion into a currency loan with a gold clause. The investors' interest was no longer centering on fixed value bonds.

Later on some writers tried to minimize the significance of these loans and would see in them nothing more than a short-lived product of the inflation psychosis. No one can, however, deny the fact that they played a very important part during a serious monetary crisis.

1. See: Saling's stock exchange yearbook, Berlin 1924/25.
2. Ibid.
3. Bulletin of the London City and Midland Bank, October, 1923.
4. See: "Wertbestaendige Anleihen" by E. Wolfgang, in: Wirtschaftskurve der Frankfurter Zeitung, Frankfurt/M., Vol., 1926/IV.

The State Of Trade

Statistical news reflected the high rate of operations in the heavy industries, steel operations hitting an all-time high during the week of May 16. However, electric power production was off slightly, and freight loadings were off a bit, but continued to reflect the increased acceleration of the war production effort. There was a slackening in retail demand for goods. The Federal Reserve's index of industrial production in April set a new high of 174% of the 1935-39 average. Activity continued to expand in the first half of May, the Board reported.

Following the posting of price ceilings there was a noticeable drop in the rush of consumers to stock up on goods, and for the first time this year, Dun & Bradstreet reported that retail sales failed to maintain an increase over 1941. Wholesale trade, in dollars, also averaged slightly below a year ago.

There has been a noticeable let-down in buying in the Nation's retail stores over the last several weeks. Whereas during the first three months of the year dollar sales averaged somewhat better than 20% above the comparative 1941 period, they now are showing gains of around 5%, a condition which has prevailed for nearly six weeks. It is pointed out that with retail prices up about 18%, this means that the actual volume of merchandise moving across store shelves is considerably under that of a year ago.

There are several explanations for the slowing down of retail activity. Some merchants hold that it is a natural development, coming as it has after several months of heavy buying by consumers. These merchants believe that a large section of the public is well supplied with merchandise for current needs and in some instances for some months to come. Gasoline rationing also is viewed as having a retarding influence on retail sales. Women who usually shopped by automobile have not as yet taken to other transportation in any great numbers.

Declining retail trade is not the only thing merchants have to worry about these days. The mechanical problems arising in complying with the OPA price regulations are many: The law is not clear on numerous points, and promised interpretations and supplementary rulings from Washington still are being awaited.

Business failures continue at a low level. The number of failures reported by Dun & Bradstreet, Inc., in March was 13% lower than in the same month last year. The liabilities of these insolvent concerns were 10% smaller.

There is good reason to believe, however, that the trend of insolvencies will soon turn upward. Even in March, failures among food, apparel, lumber and paper manufacturers were more numerous than a year ago. A sharp decline in the number of insolvencies in retail trade, outside the automotive field, however, brought about the reduction noted.

It is pointed out that the curtailment in the volume of sales in many lines resulting from existing production and priority restrictions and the narrowing of profit margins under price ceilings will bring about a drastic change in the situation confronting numerous retailers. Observers state that many marginal storekeepers will feel the attraction of the high wages paid in defense industries. Not a few younger retailers will be going into the army. Where they are not in good financial condition, such liquidation will be accompanied by insolvencies.

The trend of commercial failures has been downward for some time past, and credit policies in many lines have reflected this condition. Dun's insolvency index declined to a low point late last year, and since then its trend has been slightly upward. But the unfavorable effects of the war upon the volume of business and profit margins of numerous concerns, especially retailers, point to a considerable rise in business failures, and an even greater increase in the number of liquidations, during the period ahead, informed observers state.

A contra-seasonal decline in electric power output was shown last week, according to the figures released by the Edison Electric Institute. For the week ended Saturday May 16, the amount of electrical energy distributed by the industry was 3,356,921,000 kilowatt hours, compared with 3,365,208,000 kilowatt hours produced in the preceding week. The output for the week represented a drop of 3/10ths of 1%, but was 11.5% higher than in the same week last year. The output for the country in the preceding week was 12.0% higher than in the corresponding week last year.

Loading of revenue freight for the week ended May 16, totaled 839,052 cars, according to reports filed by the railroads with the Association of American Railroads. This was a decrease of 201 cars from the preceding week this year, 21,750 cars under the corresponding week in 1941 and 159,987 cars above the same period two years ago.

This total was 131.09% of average loadings for the corresponding week of the 10 preceding years.

Steel production for the current week will amount to 1,691,800 net tons of ingots, with 99.6% of facilities in use, equaling the all-time peak output established two weeks ago, the American Iron & Steel Institute announced.

Estimated output for the current week compares with 1,685,000 tons last week, when operations were at 99.2%, and with 1,591,300 tons in the like 1941 week.

Industrial activity is expected to spurt markedly this month after several months of relative stability. The Federal Reserve Board index of industrial production as a result may go well above the 175% (of the 1935-1939 average), informed sources state.

The index advanced to 174 during April, after remaining at 172 during March and February. The acceleration in arms production was such as to offset declines due to the changeover of civilian production.

With changeovers nearing completion in such major industries as automobiles, the rise of industrial activity should now be quite rapid, observers state. It is generally felt that the index should top the 200 level some time this year.

Federal Reserve Board Reports Industrial Activity Increased Further In April

The Board of Governors of the Federal Reserve System reported on May 23, in its monthly summary of general business and financial conditions, that industrial activity increased in April and the first half of May reflecting continued advances in armament production. Following an increase in buying during the first quarter, retail trade declined somewhat. Wholesale commodity prices advanced further. The Board's summary continued:

Production

Expansion of industrial production in April was reflected in an advance in the Board's seasonally adjusted index from 172% to 174% of the 1935-39 average. This increase followed upon a period of relative stability during the first quarter of the year, when growing war production was offset by decreased civilian output.

Since the beginning of the year total volume of industrial output has shown little change but there have been marked differences among individual industries. In general output of machinery, chemicals, and armament of all kinds has continued to expand at a rapid rate. There have also been substantial increases in output of electric steel, nonferrous metals, glass containers, wood pulp, and coal. On the other hand, output of many products for civilian use such as automobiles, tires and tubes, wool textiles, electrical appliances, alcoholic beverages, petroleum, and petroleum products has been sharply reduced either by direct order or by shortages of material or transportation facilities. In the month of April crude petroleum and petroleum products were the principal commodities showing a decline in output. Output of furniture, cotton and rayon textiles, manufactured foods, paper products, and tobacco products has been maintained in large volume.

Value of construction contracts awarded in April, as reported by the F. W. Dodge Corp., was almost one-fifth below the high March total, reflecting a decline in publicly financed construction. Residential contracts decreased by one-fourth and for the month were at about the same level as last year. Awards for non-residential building increased slightly, mainly because of a 40% increase in awards for factory construction, practically all publicly financed.

In the first four months of 1942, total awards were about one-fourth greater than in the corresponding period last year; public awards more than doubled, while those for private projects were down by about two-fifths. Public awards in this period made up over 70% of the total, compared with about 40% last year.

Distribution

Retail sales declined somewhat in April, following a considerable amount of anticipatory buying during the first quarter of this year. At department stores, dollar sales in April were about 10% below the first quarter average, making allowance for usual seasonal variations, but were 5% above the level prevailing during the latter part of 1941. During the first half of May sales showed a further decrease and were around 6% larger than a year ago in contrast with price increases amounting on the average to about 20% over the year period.

Total freight car loadings increased sharply in April owing chiefly to larger shipments of coal and forest products, and to a sharp rise in iron ore loadings as the Great Lakes shipping season got under way. Shipments of merchandise in less than carload lots, which had begun to decline in March, were reduced sharply further in April, reflecting Government action to increase the average load per car in order to effect fuller utilization of railroad equipment.

Commodity Prices

Beginning on May 11, wholesale prices of most commodities were limited to the highest levels reached during March, according to the general maximum price regulation issued April 28. Effective May 18, retail prices of most commodities were likewise limited. Retail prices of related services will be limited beginning July 1.

About 30 new maximum price schedules for industrial products were issued from the middle of April to the middle of May. Most of these covered wholesale prices of items previously subject to informal or temporary controls. Upward adjustments in maximum prices were allowed for coal, ferromanganese, tires, petroleum products, and a few other items.

Wholesale prices of most farm products and basic foods, which are exempt from direct control, showed little change in this period, following sharp increases earlier in the year.

Bank Credit

During the five weeks ending May 20, Federal Reserve Bank holdings of Government securities increased by about $200,000,000, while currency in circulation rose by $260,000,000. Member bank deposits increased during the period and required reserves showed a corresponding growth. The net result was a decline of $300,000,000 in excess reserves. Holdings of United States securities at banks in leading cities increased further, while commercial loans declined. Liquidation of loans was concentrated at banks in New York City and in the Kansas City district.

United States Government Security Prices

Prices of U. S. Government bonds declined in the last half of April, but steadied in the first half of May. Rates on current Treasury bill issues rose from about 0.20% in March to 0.36% in May. The Federal Open Market Committee announced on April 30 that Federal Reserve Banks stood ready to purchase all Treasury bills offered at 0.375%.

Treasury Receipts At $15 Billion Record

The American people have poured more than $15,000,000,000 into their Treasury since the beginning of the calendar year, the Department's ledgers showed on May 20. From Jan. 1 to May 15 Government receipts from taxes, borrowings and all other sources amounted to $15,797,000,000, a sum, Treasury officials said, far in excess of any amount ever collected in a comparable period of time, says the Treasury's announcement, which further stated:

Contributing largely to the heavy influx was the voluntary purchase of $3,117,000,000 of War Savings Bond and Stamps during the period, which indicated the widespread popularity of this class of security, particularly in the light of the limit on maximum purchases permitted in any one year.

Income tax payers, making their first returns under the higher levies enacted last year, contributed a total of $3,905,000,000, principally during the first instalment period on March 15. This rate, of course, is not expected to be maintained during the remainder of the year because many small taxpayers waived the privilege of instalment payments and remitted in full, officials said.

Of the remainder, a total of $4,208,000,000 has been realized through the purchase of Treasury bonds, including the issue of 2½% 20-25-year bonds which remained open for subscription for a period of 10 days and which was closed on May 14; $1,506,000,000 through the sale of Certificates of Indebtedness, and $343,000,000 through the net sale of Tax Savings notes purchased in anticipation of future income tax assessments.

The cost of the war is expected to increase progressively from the present rate of about $3,500,000,000 a month to more than $5,000,000,000 a month by the end of the calendar year 1942. Nevertheless, Treasury officials said that it was a proof of the financial soundness and the patriotism of the country that the vast amount of $15,797,000,000 could be collected without dislocating the national economy or without any widespread public awareness of the total amount of money involved.

In the table that follows is a summary for the first four and a half months of the year of receipts and expenditures, taken from official Treasury records:

Receipts—	(In millions)
General revenue:	
Income tax	$3,905
Miscellaneous	1,553
Other, excl. transf. to Federal Old Age and Survivors Ins. Trust Fund	402
Net receipts	$5,860
Trust Fund Receipts, etc. (net):	
Federal Old Age and Survivors Insurance Trust Fund	402
Unemploy. Trust Fund	347
Other	—12
Total trust fund receipts	727
Public debt receipts, cash (net):	
Marketable issues:	
Certifs. of Indebtedness	1,506
Treasury bonds	4,208
Treasury notes (tax series)	343
United States savings bonds	3,117
Other	26
Total public debt receipts	$9,200
Total gen., trust and public debt receipts	$15,797
Expenditures—	
General	$2,142
War activities	12,192
Governmental corporations and credit agencies (net)	1,193
Total expenditures	$15,527
Excess of recpts. over expends.	$270
General Fund Balance—	
Dec. 31, 1941	$3,560
May 15, 1942	3,830
Net increase	270

THE FINANCIAL SITUATION

(Continued From First Page)

must work. Of course, intolerance and the "smear" technique are undoubtedly heavy burdens for democracy to carry for they becloud issues and render it difficult, if not impossible, to fix public attention upon the real questions of the day.

A More Fundamental Question

But behind all this lies a more fundamental question with which the American people have for a decade shown but little disposition to come to grips. That subject is at bottom the relationship between liberty and economic welfare. Unless and until we get our thinking straightened out on this subject and keep it so, freedom neither of speech nor of the press will save us from much hardship which we need not endure. Freedom to say what we think or to publish what we think, if we persist in thinking things which are not true, in failing really to think at all, or in permitting clever, smooth politicians and others to tell us what we should think, will not suffice. Something of this sort has been the source of most of our difficulties for the past decade—despite possibly well grounded suspicion that there were and are leaders in public life who would like very well to suppress free discussion—and something of this sort probably holds much more danger for the future than attacks upon free speech and a free press. It is more than doubtful that the American people will long suffer much infringement of their right to say what they want to say, or great abridgement of the freedom of the press. These rights are too highly prized, and have been for too long a time.

Freedoms Misused

The greatest danger is from those who make clever and plausible use of the rights of free speech (including the radio) and of a free press to build air castles into which all too many of us are enticed. It may well be that the war, particularly industrial achievements during the conflict, will seriously enhance that danger. There is already considerable evidence of it. How often do we read or hear statements by men of influence that after the experiences of this war, we shall never permit this or that to happen in this country — wide-spread unemployment, unequal division of income, high prices, and a dozen other such things—and it is usually obvious that the speaker or writer means to say that such unfortunate circumstances will be prevented from arising by Government fiat, or something very like it.

Economic Welfare and Liberty

We hazard the guess that our post-war liberty, particularly our economic liberty, stands in no greater danger than that arising from the persistent fallacy that broad economic welfare and economic liberty are somehow by their very nature in eternal conflict. It will be recalled that in 1932 Mr. Hoover, then a candidate for re-election to the Presidency, was often criticized by the thoughtless for talking about liberty when millions of people were crying for bread. He may have committed an error in political tactics, but it is a fact that he who surrenders his liberty for bread will not long have either. But the fascists, the communists and the New Deal prophets have for 10 years been preaching a different doctrine. According to them, the more abundant life can best be achieved by a surrender by the people of at least a part of their traditional economic liberty—if indeed it can be achieved in any other way. They, of course, have not always said so in so many words, but that at bottom has been the gist of much of their doctrine. It has without question made a deep impression upon many minds in this country.

War Achievement and Liberty

The record of a regimented industry in supporting this war effort, and the conditions which of necessity must obtain when peace comes will more or less certainly be used by those of such a mind again to preach the economic "advantages," not to say the "necessity," of continued abridgement of liberty of action in the business world. So long as the American people have not a clear understanding and a full realization of the fact that economic welfare, far from conflicting with or antagonistic to liberty, is rather dependent upon it, just so long will our post-war liberty be in danger. Those leaders who really would protect our liberty would, therefore, do well not only to see to it that freedom of speech and of the press is scrupulously safeguarded during the war but also to make sure that free speech and a free press (including the radio) are employed effectively in making it clear to the unthinking that one of the essentials of full and continuing economic welfare is liberty. Neither free speech nor a free press can in the nature of the case guarantee us all those other liberties which are essential unless both are effectively used for that purpose.

Partial Freedom

Another fallacy, also grown popular of late years, is found in the contention that we can put business in shackles and in addition hedge it about with all manner of obstacles which in practical effect amount to shackles, and at the same time maintain our traditional liberty. The truth of the matter is that a very large part, not to say the major and most vital part, of an individual's existence is composed of what is termed business activity. If he must pay homage to racketeering labor unions in order to obtain employment; if he must comply with so many regulations and restrictions that he can not longer earn his daily bread in the conduct of his usual business; if, as in the case of the farmer, he is paid to refrain from using his own judgment and penalized for using it; if he is to be crushed by Government competition at the taxpayers' expense; if taxation is so arranged that he can retain but a pittance of his earnings no matter how hard or how skillfully he works; if for any of these reasons he is obliged presently to become virtually a ward of the politicians—then he is no longer a free man and the general level of economic welfare will severely suffer no matter how free he is to complain and criticize.

It is, of course, of the utmost importance that we refuse to surrender the tools with which we can keep ourselves free, but even more important is it that we insist upon the essence of freedom itself—important not only for freedom's sake but that we may continue to build a progressively more comfortable existence for ourselves as the years and the decades pass.

Pan-Americanism Will Establish Pattern For Future Foreign Trade, Says Chatfield-Taylor

At the World Trade Luncheon in New York on May 18, during Foreign Trade Week, Wayne Chatfield-Taylor, Under Secretary of Commerce, commenting on the discussions observed that "you foreign traders always have had much to discuss, you have talked of the past, you have talked of the present, of course, but most of all, you have talked of the future. Therefore, if I touch only briefly on the past and present, and direct most of my comments to the pattern of the future, I believe that I shall be carrying on a tradition which you yourselves have well established." The Under-Secretary's talk led up to the "general principles which will determine the character of future foreign trade," and in expressing the belief "that here in this Hemisphere, almost without our knowing it, there has been created the pattern, there has been brought into being the inspiration for our world of the future," he said, that "for want of a better term, and I don't know that a better term is necessary or desirable, we can say that the pattern is that of Pan Americanism." "Pan Americanism is not a new idea," he stated, "but its history has been marked by disappointments and by failures. It was born in an age of despotism, it was born in battle. For years it was scoffed at, and its occasional revivals, or shall I say struggles to remain alive were considered mere occasions for flowery oratory, conferences where men with little in common talked about the glories of the past, or mouthed sonorous phrases about an Utopian future." He further remarked:

> . . . I do not believe that the resurgence of Pan Americanism can be attributed to the far-sighted statesmanship of any individual, or to the organized effort of any nation. But I do believe that many individuals, in all the nations of this Hemisphere, during the past decade have found in Pan Americanism something which offered them the ideological sanctuary which they were seeking.
>
> They found far more than sanctuary, they found ideals and like-minded men and women who were willing to sacrifice brief personal advantage in order to forge the ideals into a practical frame-work on which their conception of modern civilization could be built.
>
> On a recent visit to Mexico, I found that the unity of purpose and the belief in the destiny of Pan American ideas which was noticeable at Rio, had if anything intensified. Pan Americanism is going places. At Rio the spirit of Pan America showed its full vitality, it demonstrated the full promise which its sponsors had long believed to be inherent.

The Under-Secretary went on to say that at "in addition to the basic concepts to which I have just referred there are likewise appearing, and with equal vigor, certain ideas which offer a pretty clear picture of general principles which will determine the character of future foreign trade. These ideas, he enumerated in part, as follows:

> 1. Domination by a master race, a master nation, or a master class within a nation is untenable. That is what this war is about, that is what we are fighting against. Translating this into what we are fighting for it means the Good Neighbor Policy—a system of international organization and understanding under which agreements on foreign trade will be reached not merely because one nation is strong and another nation, is weak. To be sure there will be tangible reasons for agreement but not the tangible reasons represented by a club or a division of tanks.
>
> Concessions which turn over to private groups the exploitation of natural resources or the exclusive development of vital national functions such as transportation and communication, either will not be granted at all or will be so administered that the public interest is fully protected at all times. If such concessions are granted to foreign groups, further safeguards will be imposed which will insure that most of the profits of such enterprises will be available for further development of the economic life of the nation which grants the concession.
>
> 3. A national economy or an international economy must be based on full production, full employment, and maximum national income. This is another way of saying that restrictive concepts of finance or trade which stand in the way of full development will be brushed aside.
>
> 4. One crop countries, or one industry countries are a thing of the past. Certain localities, of course, have certain natural advantages, certain populations have certain specialized skills, but the people of all countries are entitled to the benefits of education, science, and invention. * * *
>
> 5. The broad controls which will implement basic policies will be administered by governments in agreement with the governments of other friendly and similar minded nations. This does not mean regimentation, it does not mean that individual initiative and the profit motive will be discouraged, but it does mean that the avenues for these activities will be more clearly defined. * * * It does mean that no private group of international industrialists or financiers, no matter how strong, will be able to take action which is fundamentally opposed to the national interest of any one country or any group of nations which have established common interests and common principles.
>
> 6. While the temporary cheapness of some particular commodity, especially a commodity which a nation does not itself produce may recommend it for attention, many other factors will be scrutinized before arrangements will be made for its purchase.
>
> 7. Curiosity about money, currency relationships, the future of gold, international investment policy, and all the many other intricacies of international finance, is world wide. I use the word curiosity purposely as I have encountered nothing definite enough to report it to you as an idea. Obviously, the extent of the curiosity, and I am sure that you will agree that it is extensive, indicates that change is imminent, and that new financial concepts which will fit and serve economies of full production and maximum national income are in the making. Finance will not be laggard when the time of decision arrives. That time is not yet—finance must serve in war, it is doing so and doing so eagerly and well. When peace and reconstruction come, finance will prove that it too does not fear the future, that it can meet the problems of conversion and full production in peace just as it is meeting the problems of conversion and full production for victory.

FDR Sees Long War And Urges Moderation

President Roosevelt on May 22 declared that the war will be a long one and warned the public against being over-optimistic one week and over-pessimistic the next on the basis of single war events. Reiterating his full confidence in victory for the United Nations, the President told his press conference that public opinion goes up and down from week to week with news reports of war activities and that the American people have a tendency to overstate the effect of these minor engagements. He said the press could be helpful in not overplaying these war developments. In reply to a question whether censorship should pass some bad news in order to restrain public optimism, the President said that this should be done as soon as it does not affect military operations. He added that the only reason for withholding bad news is that it might cause more bad news.

Objective Of Manpower Commission Is To Break Bottle Necks, Declares McNutt

Discussing the objectives of the War Manpower Commission, Paul V. McNutt, its Chairman, at the annual meeting on May 20 in New York of the National Industrial Conference Board said, "Ours is no national job of telling 80 million American workers exactly what job they may hold. American management skill, the wisdom and experience of the worker, and the resources of American labor unions can be relied on to keep most Americans matched to war jobs." "Our tasks," said Mr. McNutt, "is to break the bottlenecks." He added:

Total war has brought us a new problem—the mobilization of a whole nation. And even though we may not have always the best answer, we can recognize the wrong one. We can stop the flagrant losses.

We can see what labor pirating means. We can recognize the impact of discriminatory hiring practices in slowing down war production. We can see the loss occasioned by stiff-necked adherance to seniority and other personnel rules made to fit peace-time conditions.

We recognize these things. And we know that our one job is to achieve maximum production. Anything that stands in the way of maximum production is not private business. It is a thing which stands in the way of America's arms. It is a thing which impedes victory. And it shall and must be broken.

In war the Nation cannot afford and will not tolerate artificial immobilization of workers. Discrimination based on race, creed, or color must go—not because of somebody's ideals, but because discrimination represents waste and industrial slowdown.

America will not make men unemployable by definition. A man with one eye is not disabled for most jobs. The man with one leg can produce for victory on most jobs. The man over 40 is not ready for the scrap heap.

At present, the War Manpower Commission is meeting every Wednesday afternoon as a body reviewing the facts. I have the full benefit of their advice and counsel.

Our first job is fact finding.

We know, for example, that on the basis of present estimates, 10,500,000 additional workers will be drawn into war production by Jan. 1 of 1943. By the end of 1943, 7,500,000 additional workers will be needed to meet the 1943 production goal.

During this same period, 4,500,000 men will be added to the armed forces, 2,000,000 in 1942 and 2,500,000 in 1943.

This will mean tremendous shifts in our labor force. Of the 10,500,000 workers we need this year, 7,500,000 may be shifted to war work through the conversion of civilian industries. We shall still need 3,000,000 new workers from the unemployed and from other groups such as women who are not now in the labor market.

These figures must be broken down in terms of the skills involved and in terms of the number of men of such skills now available in the labor market.

Earlier in his remarks Mr. McNutt said:

The cause of victory will not be served by hasty, half-cocked, or misinformed action. The War Manpower Commission has been set up to minimize dislocation, not to create it.

The principle of the War Manpower Commission is a simple and I believe an accepted one. It proposes merely that every worker in America shall apply his skill at that point which will most speed victory.

Just as tin and chromium and plastics needed for war equipment shall not be used on gadgets, so the skill of a machinist or an engineer needed in the production of war equipment shall not be wasted in producing non-essentials.

Just as the priorities for the use of material are governed by the factual determinations of the War Production Board, and not by the market, so the factual determinations of the War Manpower Commission shall set priorities on where and how a man may use his skill.

Shall our procedure be voluntary or shall it be considered draft of labor? To that, I believe, there are two answers, and I think I know the temper of American democracy well enough to know there is no paradox in stating them both.

First of all, Americans want the facts to be determined. Every American worker wants most of all to know where and how he can best put his shoulder to the wheel of victory.

Just as most industries converted themselves in large measure by voluntary action, so American workers will switch to Uncle Sam freely and enthusiastically.

But also, just as in some cases where speculative management or self-interest intervened and Government issued orders or even took over plants, so compulsion may from time to time be necessary in the administration of the manpower program.

* * *

We know our goal and the answers must depend upon reaching it.

The goal is total production—industrial and agricultural—for total war. It is not an enterprise which allows competition between parts of the war effort at the expense of another part.

I wish that I might set down for you the actions which you must take. You are concerned with the detailed job of management. You would like, I am sure, to know of forms and regulations, the channels and the authorities which you must handle.

These you will have to learn at a later date. At present we are getting the facts. The occupational questionnaire will give us new knowledge about the men who make up the labor market. The United States Employment Service is now calling on 15,000 employers, and will soon be calling on 30,000 to get their needs 60, 90, and 180 days in advance, the better to plan advance recruiting and determine training needs.

Meanwhile there are cases which serve to triangulate our problem. They are cases which can be recognized for the bottlenecks they are. They are cases which reveal problems and set issues. Let me cite from some of them as the plainest and most direct indication of what we are up against.

* * *

A dozen Pittsburgh employers — including one Federal agency—are maintaining artificially high hiring specifications. I need cite no one area, but the practice of industry after industry, and State after State, when I point out the employment bottleneck of artificially high physical health standards. Some industries have made their accident records showpieces of perfection by the simple process of setting physical standards as high as those of our pre-war army and classifying men over 40 as unemployable.

* * *

And on my list of bottlenecks created by unreasonable hiring specifications, I could cite also the Government red-tape which has prevented plants on our side of the Canadian border from hiring Canadian and British citizens of good qualifications. One northern New York employment office reported that it takes from two to three months to clear such workers, and that as a consequence, employers will not bother with them.

President Cuts $185 Million From WPA, War Effort Absorbing Many From Rolls

President Roosevelt on May 25 asked Congress for $280,000,000 to continue the Works Projects Administration program in the 1943 fiscal year, representing a reduction of $185,000,000 from the tentative figure set in the January budget message. In a special message to Congress, the President said that this amount, together with $57,000,000 unexpended from the 1942 relief appropriation, will permit an average monthly employment of about 400,000 persons.

The WPA program for the fiscal year 1943, Mr. Roosevelt said, must be one of work relief for those employable persons who cannot obtain employment either in war activities or in other work. For the period beyond the fiscal year 1943, the President added, the provision of work and other forms of aid "must be considered as an integral part of comprehensive measures for social security and public assistance." Saying that he expects to make recommendations to Congress for revising and extending the Social Security Act to provide alternative means of meeting the needs of those now on WPA, Mr. Roosevelt asserted that Congress action on such proposals "will determine the extent to which we can move toward the further reduction or the possible elimination of the Work Projects Administration."

In his message the President also pointed out that there are still an estimated 3,000,000 unemployed persons but said that many of these will be hired during the coming year.

He also declared that the reduction of work relief is possible "without causing undue hardship."

In addition to the $280,000,000, the President requested an appropriation of $2,767,000 for Treasury services in connection with the relief program.

For the 1942 fiscal year there was $875,000,000 appropriated for the WPA, with average employment at 1,000,000 persons.

The President's January budget message was given in these columns Jan. 15, page 226.

The text of the President's message follows:

To the Congress of the United States:

In my budget message to the Congress in January of this year, I estimated tentatively that $465,000,000 would be required during the ensuing fiscal year for continuing the work relief program by the Work Projects Administration and indicated that a specific recommendation would be submitted later in the year.

The Work Projects Administration and its predecessor organizations were created to meet a temporary relief and employment need for millions of persons out of work during the depression years. The program has been successful. It has provided thousands of useful public projects, and it has permitted millions of persons to maintain their self-respect through gainful employment. More recently the Work Projects Administration has contributed greatly to the defense and war efforts through participation in the construction of airports, access roads, sewer and water facilities, and other useful public works.

Since my January message, funds appropriated or recommended for the conduct of the war have tremendously increased. Shortages of labor and material are rapidly developing. To meet labor shortages the recruitment of workers from every available source will be required, and possibly even organized migration in some instances. However, it is estimated that at present there are still some 3,000,000 unemployed. Of these, many will be hired during the coming year; yet in a labor force exceeding 60,000,000 persons there will remain a substantial number of individuals who will not be hired by private employers because of age, lack of skill, or other handicaps. A certain number may not be able to migrate from regions having surplus labor to regions where workers are needed. In this connection, I can not emphasize too strongly the need for industry to abandon prevailing practices of discrimination, racial and otherwise, in recruiting labor for war production.

The program of the Work Projects Administration for the next fiscal year must, in a large measure, be held to one of work relief for employable persons who, by reason of circumstances, can not obtain employment either in war activities or in other work. It is urgent that our labor reserves be fully utilized, and that productive labor now on the rolls of the Work Projects Administration be engaged in other productive employment.

Provision has been made by direct appropriation to other Federal agencies for the construction of access roads, streets and airports, and public works have been authorized for localities whose needs have been materially expanded by the defense and war efforts. The types of projects to be undertaken in the relief program in 1943 will be those which can be prosecuted by day labor of the residual unemployed available on the Work Projects Administration rolls and which require a minimum of critical materials.

In the circumstances, a reduction of work relief is now possible without causing undue hardship, and I recommend an appropriation of $280,000,000 to the Work Projects Administration of the Federal Works Agency for the fiscal year 1943. This amount, together with an estimated balance of $57,000,000 of the 1942 relief appropriation, will permit an average monthly employment of about 400,000, including administrative expenses of the Work Projects Administration. I recommend additional appropriations of $2,767,000 to provide for the administrative expenses of the general accounting office and units of the Treasury Department for services in connection with the relief program, making a grand total of $282,767,000 for the fiscal year 1943.

For the period beyond the fiscal year 1943, the provision of work and other forms of aid for those who cannot be absorbed in private employment must be considered as an integral part of comprehensive measures for social security and public assistance. I am now giving attention to proposals for revising and extending the Social Security Act, and expect to make recommendations to the Congress for such legislation as may be necessary to extend the protection of our social-security measures to provide alternative means of meeting the needs presented by the residual group now being aided by the Work Projects Administration. The action to be taken by the Congress in the near future on such proposals will determine the extent to which we can move toward the further reduction or the possible elimination of the Work Projects Administration.

FRANKLIN D. ROOSEVELT.

The White House, May 25, 1942.

Washington AIB Elects Rowzee, Pres.

The Washington Chapter of the American Institute of Banking has elected George M. Rowzee, Jr., of the Lincoln National Bank, as its President for the coming year. Mr. Rowzee was Second Vice-President during the past year but because Kenneth Birgfeld, First Vice-President, has entered the armed forces, he succeeds to the Presidency. This is learned from the Washington "Post" of May 16, which also said:

Other officers elected were: George B. Earnshaw, National Metropolitan Bank, First Vice-President; B. Bruce Frantz, American Security & Trust Co., Second Vice-President; Miss Dorothy Werner, Hamilton National Bank, Secretary; Thomas J. Norris, Bank of Commerce & Savings, Treasurer; Miss Margaret Allison, National Savings & Trust Co., Assistant Secretary, and Kenneth O. Hulse, Hamilton National Bank, chief counsel.

The following were elected to the Board of Governors: Miss Leona E. Draeger, the Washington Loan & Trust Co.; Joseph R. Fitzpatrick, Second National Bank; Robert H. Lacey, Columbia National Bank; Herbert D. Dawson, Jr., the Washington Loan & Trust Co.; Mrs. Myrtle P. Lewis, Liberty National Bank, and Paul J. Seltzer, American Security & Trust Co.

War Industry Loans Show Large Volume

R. B. Hays, Vice-President and Secretary of the Federal Reserve Bank of Cleveland, in a speech before the Ohio Bankers Association state meeting in Cleveland on May 20, revealed that the Reserve Bank since April 1 has received 49 applications to aid in financing production of war materials in the amount of $41,000,000. He indicated that the average loan application has been considerably larger than originally had been expected. "There are now in the process of negotiation by banks in the Fourth Reserve District five loans, each of which is in excess of $5,000,000," Mr. Hays said, adding that the smallest one handled to date was for $4,000.

Copies of the guarantee agreement to be entered into by a bank or other financing institution and the Army, Navy, or Maritime Commission whereby the Federal agency gives a commitment to purchase from the financing institution a specified portion of a loan made to finance a contractor or subcontractor doing war work were distributed for the first time at the bankers' meeting. The contract is executed by Federal Reserve banks acting as fiscal agents of the Government and protects banks against loss on the portions of the loan under the guarantee agreement. In discussing features of the agreement Mr. Hays pointed out that in event a war production contract is canceled, in whole or in part, the borrower is given a waiver of interest and a suspension of maturity on a proportionate amount of his loan.

Treasury Recommends Wage Deductions For Collecting Income Taxes At The Source

In a statement in support of the proposal for the deduction at the source—of 10% of wages, interest or dividends in the payment of income taxes, Randolph E. Paul, Tax Adviser to Secretary of the Treasury Morgenthau, told the House Ways and Means Committee on May 20 that the advantages in the collection of incomes at the source would be:

(1) Lightening the burden on the taxpayer;

(2) Greater speed and flexibility in meeting the threat of inflation;

(3) Greater assurance of collection for certain groups of taxpayers.

Mr. Paul pointed out that the suggestion for collection at the source of income tax had been made by Secretary Morgenthau in his statement on March 3. Before the House Committee on May 20, Mr. Paul added:

If collection at source were introduced July 1, 1942, at a 10% rate, there would be withheld from consumers during the last six months of this year alone about a billion and a quarter dollars under the lowered exemptions tentatively adopted by the House Ways and Means Committee. This is at an annual rate of 2½ billion dollars. If the present system of collection is retained, there will be no increase in the amounts collected from consumers until March, 1943.

As to the working of the plan, Associated Press accounts from Washington on May 21, said:

The deductions would be a flat 10% of all wages, interest or dividends over a scale of exemptions being written into the new income tax bill.

In the case of a single person, the check-off would be 10% of his wages in excess of $11 per week as the tax bill now stands. The check-off would start after a $26 per week income of married persons, or $26 plus $8.50 for each dependent of married persons.

When the March 15 tax paying date rolled around the worker would make out an income tax return the same as he does now. However, after figuring his tax, he would deduct the amount of tax that has already been paid for him by his employer, and pay the difference, if any.

In some cases the tax might turn out to be less than he had already paid, and refunds would be provided for such cases.

In response to questions, Mr. Paul said that the Treasury proposal would not exempt any classification of employers. If adopted in this form, the plan would require, for instance, housewives to deduct small tax amounts from the wages of many domestic servants.

Farmers and other employers exempted from making similar deductions for Social Security also would be required to participate in the new plan.

Mr. Paul indicated, however, that it was unlikely that the plan would be put into effect, even though approved by Congress, for two or three months or later. He declined to estimate how long it would take Congress to enact the legislation, but said it would take 30 to 60 days after Congress finishes the legislation before the Treasury could set up the necessary administrative machinery.

The Committee's new income tax proposals would add an estimated $2,756,000,000 to the $5,000,000,000 now collected, with heavy emphasis on incomes below $5,000.

The program would be based on $500 exemptions for single persons and $1,200 for husbands and wives, a normal tax of 6% instead of 4, and minimum surtax rates starting at double the present level of 6% on the first $2,000 of net income.

In his prepared statement to the Committee, Mr. Paul said, in part:

At present exemption levels, approximately 20,000,000 taxpayers are expected to pay a tax on their 1942 incomes. At the lower exemption levels tentatively approved by the House Ways and Means Committee, the number of taxpayers would be increased by about 8,000,000, making a total of about 28,000,000 taxpayers in all. Under the rates proposed by the Treasury, the tax would begin at 16% on the first dollar of income above the exemption. The rates are rapidly progressive, as they must be, to raise in an equitable way the amount of revenue that needs to come from the income tax. The result is a tax burden that many persons will find very difficult to meet under the present method of payment.

At present, individuals pay their tax in the year following the receipt of the income on which the tax is levied. Most persons, especially in the middle and lower income brackets, make little if any advance provision for their tax liabilities by building up reserves during the year when the income is being earned. They are therefore obliged to pay the tax in, at most, four quarterly instalments, out of the income of the following year. These instalments are in many cases very hard to meet because they have not been built up bit by bit, week by week, or month by month. Furthermore, in numerous cases the income of the following year is less than the income of the taxable year and, accordingly, the tax liability must be met out of a smaller income. This problem threatens to be particularly acute at the end of the war. Many will suffer large declines in income and yet be obligated to pay heavy wartime taxes on the high incomes of the preceding year.

The burden on the taxpayer would be considerably lightened if the tax were taken from his income week by week or month by month as he receives it. Collection at the source provides a convenient method of accomplisihng this objective, of enabling the taxpayer to pay his tax currently in a large number of small installments rather than in a few large installments in the succeeding year. * * *

Furthermore, it is very much to the taxpayer's advantage to have a substantial part of his tax liability liquidated while he is receiving his income. Under the present system he ends each year in debt to the Government. This debt for his income tax is as burdensome as any other debt and can have just as serious effects on the taxpayer's budget if his income falls off or his expenses greatly increase.

* * *

The introduction of collection at the source is essential not only because it would be a permanent improvement in the income tax, but also because it would make the income tax a more effective fiscal instrument for the control of inflation. In order that increases in taxes contribute most effectively to the control of inflation, they must begin to withdraw income at once. Under present methods of payment, an increase in income taxes enacted now will not affect tax payments until March 1943. By the time the higher collections become effective, the inflationary damage maye be done.

Collection at source would largely eliminate this lag. Income taxes can be increased and the collections under the increased rates can begin almost immediately instead of many months or even a year later.

Collection of income taxes simultaneously with the production of the income will make the income tax better adjusted to the needs of the economy at all times, and not only at times like the present, when inflation threatens. In periods when incomes are falling and unemployment is increasing, it will contribute to economic stability if the taxpayers are out of debt to the Government, so that their purchases of goods and their other economic activities are not unduly hampered by the necessity of paying income taxes on income received in a more prosperous year.

* * *

The collection - at - source method not only gives the Government information about the employee's compensation but also gives the Government a large part of the tax, the part it receives depending on how much of the tax is collected at source. With the income tax extending more and more into the masses of the population, collection is thereby assured in areas where there would be an increasing likelihood of its breaking down.

Along with his statement Mr. Paul submitted the following table prepared by the Division of Tax Research of the Treasury Department:

Amount of wage or salary to be exempt from collection at source under personal exemptions and credit for dependents tentatively adopted by House Ways and Means Committee: Single person (not head of family), married person or head of family, and each dependent, by payroll period:

Payroll Period—	Single person (not head of family)	Married person or head of family	Each dependent
Weekly	$11	$26	$8.50
Bi-weekly	22	52	17.00
Semi-monthly	23	55	18.00
Monthly	46	110	36.00
Quarterly	138	330	108.00
Semi-annually	276	660	216.00
Annually	552	1,320	432.00

On May 25 the House Ways and Means Committee voted to defer for further consideration action on the question of incorporating in the forthcoming tax bill provision for deducting 10% of income at the source.

According to Associated Press advices from Washington, May 25, a survey indicates that the controversy over the plan has its roots in the following arguments:

1. If the collections begin this year, the taxpayers who arranged to spread 1941 payments would be hard hit by the 10% reduction.

2. Business men have started writing to members that, with new price ceilings in effect, they could not afford to add extra help to do the necessary bookkeeping.

3. If a sales tax is approved by the Committee, the withholding program, plus lowered personal exemptions, might be too great a burden on the low-income groups.

4. A belief that the authorities might not be able to put a deduction plan into actual operation until late in the Fall, or even Jan. 1.

Braden Assumes Cuba Post

Spruille Braden, U. S. Ambassador to Cuba, presented his credentials to President Fulgencio Batista on May 19 at Havana. The friendship existing between the two countries was stressed in the exchange of remarks. Mr. Braden, former Ambassador to Colombia, was transferred to the Cuban post when George S. Messersmith was named Ambassador to Mexico early this year.

House Group Defers Withholding Tax—Raises Capital Gains And Surtax Rates

Action on the Treasury's proposal for authority to collect income taxes at the source, which was placed before the House Ways and Means Committee on May 21, was deferred by that body on May 25 for further consideration. Chairman Doughton said that the Committee will go over the plan again before a final tax bill is completed, but some members expressed the belief that the Committee may not again take the matter up.

The plan, as explained on May 20 by Randolph Paul, Treasury tax adviser, calls for deductions of 10% of wages and salaries with an allowance for personal exemption and credit for dependents, and 10% of bond interest and dividends. The funds would be withheld from workers salaries by employers, who would remit them to the government at the end of each quarter. Those deductions would be used to offset the regular tax bill due on March 15. In the case of single persons the collections at the source would affect wages in excess of $11 a week, while for married persons weekly income over $26, plus $8.50 for each dependent, would come under the plan.

On May 26 the House Committee agreed to fix the estate tax exemption at $60,000, such exemption to include life insurance. Under the present law there is a dual exemption of $40,000 for personal and real property and $40,000 for life insurance.

The group also voted on May 26 to reduce the cumulative gift tax exemption from $40,000 to $30,000 and to cut from $4,000 to $3,000 the amount of a gift which could be made in any one year without taxation. The new rates for estate and gift taxes have not yet been voted.

The House group on May 22 agreed upon a revision of the capital gains and losses tax structure and increased the maximum effective rate on long-term gains from the prevailing 15% and 20% rates to 25%.

Principal provisions of the tentatively approved capital gains and losses amendment follow, according to the Associated Press.

1. Holding periods would be simplified to short term of less than fifteen months and long term of more than fifteen months.

2. Maximum rate on statutory net long-term capital gains would be increased to 50%. But since only 50% of such gains are taxable, the effective rate would be 25%.

3. Short-term gains would continue to be considered as normal income and fully taxable at the individual normal and surtax rates.

4. Statutory amounts of loss, either long or short term, would be allowed as an offset against statutory gains, no matter whether long or short term.

5. Statutory losses of either kind could be carried forward for five years against future gains and $1,000 of such losses could be offset against other income each year for five years.

6. For corporations, the same practices would be followed, except that banks and insurance company losses would not be allowed as a deduction from other income, but a five-year carry forward period against future gains would be permitted.

7. For banks — Net capital losses attributable to sales or exchanges of bonds or other evidences of indebtedness would be allowed in full against other income, with the capital loss measured by the difference between purchase and sale price. Losses from other capital assets and all gains would be treated the same for banks as for other corporations.

8. Life insurance companies' net capital gains and losses from assets purchased after the effective date of these changes would be treated in the same way as capital gains and losses of banks.

On May 20 the Ways and Means Committee approved a schedule of individual income surtax rates ranging from 12% on the first $2,000 of taxable income to 81% on all income over $200,000. The present surtax rates are from 6% to 77% and the Treasury had proposed rates of 12% to 86%. The Committee voted against the Treasury proposal to increase surtax rates in $500 brackets, keeping the graduated $2,000 brackets. It is estimated that the program will raise $2,756,000,000 of additional revenue from individual income taxes, that is with the other changes previously approved. These include raising the normal tax rate from 4% to 6%, retaining the present earned income credit of 10% and lowering exemptions for single persons from $750 to $500, for married persons from $1,500 to $1,200 and leaving unchanged the present $400 credit for dependents.

The House Committee on May 20 also voted to increase the present 31% tax on mutual investment companies to 40%; raised the present 71½% and 82½% rates on personal holding companies to 75% and 85%, respectively, and increased the 27½% rate on non-resident foreign corporations and on non-resident alien individuals to 36%.

Previous House Committee action on the tax bill was noted in these columns May 21, page 1949.

Facility Security Plan To Be Formulated

President Roosevelt, in an executive order issued on May 20, directed the Office of Civilian Defense, headed by James M. Landis, to formulate a "facility security program" designed for war eased protective measures against sabotage of the communications system, the airlines, highways, railways, forests and mines, gas and water utilities, public buildings and storage facilities.

Under the order the OCD will serve as the center for the coordination of protective plans sponsored or operated by various Federal departments. The Army will continue to have the principal role since the Secretary of War will have power over the plan to be worked out. A White House statement pointed out that the new OCD program does not affect the investigative duties of the Federal Bureau of Investigation with respect to acts of sabotage and espionage.

Commenting on the executive order, Mr. Landis said:

I think it should be clearly understood that at the outset we are undertaking a job of developing and supplementing existing protective programs — rounding out the security measures already provided—and that the Army will continue to have the principal role.

I would like to emphasize also that the owners and operators of essential facilities continue to be primarily responsible for maintenance of a proper guard against sabotage in any form.

Our purpose is not to supplant any existing authority, and we are determined not to create any huge force of Federal employees, but, on the contrary, to work with and through established agencies to the end that there can be no successful attack on any part of the resources and utilities vital to the nation in winning this war.

Major Problem Of Industrial Conversion To Meet War Needs Still Lies Ahead

The conversion problem that lies ahead in the remaining months of this year is as great, if not greater, than the changes introduced in industry from Pearl Harbor to date, a forthcoming Conference Board report finds.

The Board under date of May 20 adds that by the end of March the total of all completed war production amounted to only $18,700,000,000, or less than 15% of the total existing war production load. War commitments, it states, were further increased by $19,000,000,000 in April, while the total amount of production completed in April as measured by payments on contracts was about $2,500,000,000. At the end of November 16% of the total production load had been worked off. In January, the corresponding figure was 16% and in March, 14%. The Board also states:

"Since January of this year the total amount of contracts and other commitments placed has risen from $61,000,000,000 to $99,000,000,000. At the April rate of production, unfilled orders are equivalent to a 2½-year production load. Even at a maximum war production rate of $6,000,000,000 monthly, unfilled orders represent a full year's production load."

By the year's end, the survey of "America's War Effort," by the National Industrial Conference Board estimates that the nation will have 17,500,000 worker fighters and 4,200,000 armed fighters, or a fighter worker ratio of 1 to 4.2. War will have reduced civilian employment to 26,500,000, compared with 34,200,000 at the end of 1941. In manufacturing, almost 70% of all employees will be on war work, as against less than 30% at the start of the year. War work will require at least half of all mine workers, almost 90% of all construction workers, and fully 50% of all persons employed in transportation and public utilities. Other findings of the Board include:

(1) To reach the goal of 17,500,000 war workers by the end of this year, approximately 10,500,000 additional workers must be brought into war industries. About 7,500,000 of these will come from persons now employed in civilian industries. About a million may be recruited from the unemployed. After tapping all these sources, management will still face the problem of training from 2,000,000 to 3,000,000 new workers needed in war industries, as well as replacements for the 2,200,000 men to be absorbed by the armed forces this year and probably a like number next year.

(2) During the first quarter of 1942 total war expenditures reached $7,600,000,000 or roughly a third of the income received by individuals during those months. The war has already cost more than the whole of World War I, including loans to Allies. Congress has made available through April, 1942, $156,000,000,000 for waging this war—or from five to six times the total cost of the last war. Commitments to date are equivalent to a war cost of $1,163 per capita, or $4,475 for the average census family.

(3) The industrial colossus of the world is being expanded to meet the new demands upon it. In 1940 the estimated net book value of all manufacturing plant and equipment totaled about $22,500,000,000. Under the war program $16,700,000,000 of new war plant and facilities have been or will be added. Authorizations from public funds for industrial plant expansion had reached $14,400,000,000 at the end of April, or about 85% of all investment in war plant. By the end of March, plant expansion contracts placed by the Government amounted to $10,700,000,000 and covered 1,428 projects. Privately financed plant expansion for war production at the end of March covered more than 7,000 projects at a cost of $2,300,000,000.

Officials Warn Of Acute Rubber Shortage

Four leading war agency officials on May 22 joined in a statement designed to clarify the facts about the severe rubber shortage, according to an announcement by the Office for Emergency Management. Issued because many confusing and conflicting stories have been circulated about rubber, the statement points out that the shortage is extremely serious, reports to the contrary notwithstanding, and that no rubber of any kind can be spared for purposes not directly connected with the war effort.

Donald M. Nelson, Chairman of the War Production Board; Arthur B. Newhall, Rubber Coordinator; Joseph B. Eastman, Director of the Office of Defense Transportation, and Leon Henderson, Administrator of the Office of Price Administration and Director of the WPB Division of Civilian Supply, all joined in the statement, which follows:

There has been a great deal of confusion about the rubber situation, much of it caused by optimistic stories about the availability of synthetic rubber at an early date, or the large amount of scrap rubber which can be reprocessed.

But there is little real basis for such optimism. Our rubber shortage is one of the worst materials shortages we face. We can spare no rubber of any kind for non-essential uses. Statements to the contrary are misleading, and do the country a great disservice, for the facts as we see them are grim, and we need 100% cooperation in conservation measures by the general public and by industry.

Before Pearl Harbor, it appeared that this country had an adequate supply of rubber, in the light of the situation as it then existed. We had stockpiled substantial tonnages in anticipation of interruption in shipments from the Far East, and steps had already been taken to regulate civilian consumption.

Events following Pearl Harbor, however, created a wholly new series of problems. The President announced a new military program on Jan. 6. This very greatly increased our military requirements for rubber. Then, our major sources of rubber supply were lost. In addition, our Allies were forced to look to the United States as a source of military rubber.

Thus, despite precautionary steps taken in 1941, it has become necessary to develop a rationing program for rubber which eliminates all but the most necessary uses.

War Production Board figures show three facts:

1. We cannot spare any rubber to make new tires for ordinary passenger cars; the tires we do have must be strictly rationed to essential uses.

2. All the synthetic rubber we get must go to the war effort.

3. The most optimistic estimates for this year and next indicate no rubber for anything but the most essential uses.

Actually, the rubber shortage is far worse than most people seem to realize; the enemy controls 90% of the world's rubber-producing areas, and every ounce of our stockpile is needed desperately for the armed forces.

Worst of all, the optimistic stories may keep us from recognizing what we are up against until too late. Our biggest stockpile of rubber is on our cars; these tires must be preserved. Autos shelved for the duration for lack of tires put more burden on already overcrowded buses and trolleys.

Every citizen can and must adopt a five-point conservation program:

1. Stop driving your car except when necessary; make it last.

2. Drive under 40 miles an hour.

3. Shift tires from wheel to wheel and inflate them properly.

4. If you drive to work, drive your friends and neighbors; car-pooling is essential.

5. Remember that rubber is precious; save it; every car is now a vital part of the nation's transportation system.

Needless driving today is unpatriotic. Deliberate waste of rubber helps the enemy. We call on Americans to ration themselves strictly.

It is further pointed out that:

The 1942 allotments do not include any rubber for new passenger car tires, and are restricted to articles essential to the civilian industrial economy, such as bus and truck tires, and certain industrial, medical, and health items.

If we wear out the tires on the 30 million passenger cars, the truck, bus, and train transportation systems of the nation will be swamped. On the other hand, if it is possible to preserve cars in the hands of their owners, it will be an advantage to all transportation and to the war effort. If the time should come when the Government had to call on civilians to sacrifice their tires, we know they would respond patriotically. In the meantime, no American should deliberately waste the mileage left in his tires.

In spite of the excellent job the Army and Navy have done in re-arranging specifications to reduce the rubber consumption of military articles, our war machine still eats up huge amounts of rubber.

It has been necessary, therefore, for the Rubber and Rubber Products Branch of the War Production Board to curtail drastically the rubber permitted for civilian articles, and to establish new specifications to reduce the rubber content in essential articles.

Justice Dept. Sets Up War Division

U. S. Attorney General Biddle announced on May 20 that there has been established in the Department of Justice a special war division under which all the Department's war activities will be coordinated. Mr. Biddle said the new division will have the same status as other divisions, such as the Anti-Trust and Criminal sections. It will be temporarily directed by Charles Fahy, Solicitor-General. In the new division will be the Alien Enemy Control Unit, the Alien Property Unit, which handles litigation for the Alien Property Custodian, and the Special War-Policy Unit, charged with coordinating policy matters relating to sedition, espionage and sabotage.

At a press conference on May 20, Mr. Biddle said that he was opposed to the mass evacuation of alien enemies from the Eastern military area recently designated by the Army and declared that the problem of German, Italian and Japanese nationals should be handled individually.

Employment Held Principal Problem Of Post War Period Of Readjustment

Stating on May 18 that "the observance of National Foreign Trade Week and of Maritime Day may seem to some thoughtless minds a work of supererogation, seeing that trade and shipping are now so completely subordinate to our military needs," James A. Farrell, Honorary Chairman of the New York Foreign Trade Week Committee, said that "nevertheless, we should not lightly assume that the observance of National Foreign Trade Week and Maritime Day has no message for the nation." Mr. Farrell, who spoke at the World Trade Luncheon, at the Hotel Astor in New York during the New York Foreign Trade Week, added that "our industries have been converted to the production of the implements of war. Production of civilian goods has been greatly curtailed. Our shipping has been absorbed into naval and military service, under control of the Maritime Commission, and is playing a conspicuous part in the war effort which is indispensable to ultimate victory." He further said, "the presence here today of the Under Secretary of Commerce should disabuse our minds of any intention of postponing indefinitely our plans for the future, or of minimizing the importance of preserving intact the efficient mechanism of our foreign trade, which is so vital to the recovery of our oversea markets when the war ends." In part Mr. Farrell continued:

Unless we as a nation take the lead now in formulating a post-war program for giving effect to the general principles agreed upon in the Anglo-American pronouncement of Feb. 23 last, we need not be surprised if the proposals of other nations make it extremely difficult to reach a general accord on the practical application of those accepted principles. It is gratifying to know that our Government, in consultation with other planning bodies, is intent at present in translating the Anglo-American Agreement into working measures for the rehabilitation of international trade. Having regard to the disparities in economic development that exist between nations, the task of reaching a wise solution of all the difficulties involved must be hastened to completion before the war ends, if the world is to be spared chaotic disorder through lack of prudent foresight. . . .

It is not enough that we should be united in opposition to Nazi ideas that are repugnant to free peoples. Within our own nation we must reach an accord not only in respect to the general principles of the Anglo-American Agreement, but by united action agree upon the form in which the Agreement can be translated into practice.

The goal toward which we were advancing in pre-war years is that of a more uniform and steady rate of progress in international trade, by the elimination as far as possible of recurring cycles of boom and depression. Neither the mountain tops of prosperity, nor the deep valleys of depression meet the requirements of the business man. It is the average level of business activity that fortifies the individual judgment in taking a long view of business planning.

The chief problem that confronts the post-war world is that of employment. To the solution of this intricate problem all planning must be directed. We cannot doubt the enormous possibilities that lie ahead, in aiding in world reconstruction, involving mechanical adjustments everywhere to peacetime production.

It should not be beyond the resources of statesmanship to discover means for the raising of the standards of living and buying power in countries where these are subnormal, and thereby creating employment in a world of increased productivity and consumer demand.

The world of free nations is rapidly moving forward to a fuller realization of the advantages of closer cooperation, after a period distinguished by failure of so many countries to fulfill their hopes of self-sufficiency. Policies based on a clear consciousness of the economic interdependence of nations alone can further the aims of those who are planning for a new and better world order.

An address by Secretary of State Hull incident to the observance of National Foreign Trade Week was referred to in our May 21 issue, page 1947.

Oppose Patman Bill As Real Estate Threat

Owners of commercial real estate face a threat to their property which seems so serious that it might even be termed a partial confiscation of capital if the proposed Patman Bill should become law, Frederick P. Champ, President of the Mortgage Bankers Association of America, declared on May 23 in a statement to the organization's members.

The bill (H. R. 6760, sponsored by Representative Patman of Texas) provides that anyone whose principal business is in articles or commodities coming under the government's rationing system, can institute legal proceedings to be fully relieved of his liabilities under a lease and partially relieved under a mortgage or trust deed.

Mr. Champ had the following to say:

The bill, in effect, says that anyone so affected has the right to seek to be relieved of one of the principal items in his operating expenses—his rent or, if his property is mortgaged, his principal payments. Thus his obligation is shifted to the property owner. Because war has brought rationing, it is proposed to make the property owner assume one of the principal burdens resulting from it, while relieving the renter or the mortgagor of his obligations. Not many suggestions made in the past ten years, it would appear, so flagrantly violate the sacredness of a mutual contract.

Automobile, tire and refrigerator dealers are obviously within the scope of the proposed legislation; conceivably hardware, shoe and all sorts of dealers might be embraced by the law later. It is entirely conceivable that before the war has been brought to a successful conclusion, a large part of our commercial renters or mortgagors might have a right to ask for this relief. Many of these properties are owned by institutions or the loans on them are held by institutions. They, in turn, represent millions of policyholders who will naturally be adversely affected by the law.

In his communication, Mr. Champ declared he did not know what the possibilities were for the bill becoming a law but that it ought to be opposed in his opinion. He added:

I fully appreciate the motive behind the bill and the desire to help the small business man who, through no fault of his own, finds his business curtailed or shut down entirely. But there is certainly no reason to ask the property owners to make all the sacrifices.

U. S. Labor Department Reports On Factory Workers' Hours And Earnings In March

Average hourly earnings of wage earners in manufacturing industries rose 0.7% from mid-February to mid-March to reach a level of 80.9 cents, Secretary of Labor Frances Perkins reported on May 19. "Relatively few wage-rate increases were reported and increases in overtime premiums were not of significant proportions, in view of the fact that most war-production plants had already increased the hours of individual workers close to the maximum for effective operating," she said.

Secretary Perkins added:

Hourly earnings in durable-goods manufacturing rose 0.6% to reach a level of 89.9 cents per hour, while the increase for non-durable goods was 0.7% to a level of 70.6 cents per hour. The increase in average hourly earnings since March, 1941, was 16.1% for all manufacturing, 17.1% for durable goods and 13.0% for non-durable goods. Average hours worked reached 42.5 for all manufacturing industries (a rise of 5.5% over the year), 44.7 in the durable goods (7.1% above March, 1941), and 39.8 hours in non-durable goods (3.0% above March, 1941).

Virtually all of the durable-goods industries had scheduled hours of more than 40 per week per wage earner and 19 of the durable-goods industries reported actual average working hours of more than 44 per week in March. Three important war industries reported actual working hours of more than 50 per week per wage earner: machine tools (54.6), machine-tool accessories (55.6); and screw-machine products (50.8). Other strategic war industries reported the following working hours: fire-arms (49.8), foundries and machine shops (48.6), shipbuilding (48.4), aircraft (47.7), electrical machinery (45.8), ammunition (45.7), explosives (44.9), brass, bronze and copper products (45.4). In all cases scheduled hours are longer than average hours worked which are reduced below scheduled hours by absenteeism and labor turnover.

Wage increases from Feb. 15 to March 15 averaging 7.9% were received by approximately 205,000 wage earners in 814 manufacturing establishments reporting increases to the Bureau of Labor Statistics. In the durable-goods industries about 120,000 workers were affected, while 85,000 workers secured advances in the non-durable goods industries. Industries in which substantial numbers of workers received wage-rate increases were as follows: brass, bronze and copper products (17,100), foundry and machine-shop products 16,700), chemicals (13,800), electrical machinery, apparatus and supplies (13,000), boots and shoes (10,200), blast furnaces, steel works and rolling mills (8,500), machine tools (7,800), paper and pulp (7,800), and cotton goods (5,100).

As a result of the gains which occurred in both hourly earnings and working hours, weekly earnings rose 23.9% over the year to reach a level of $36.15 in March, 1942. In the durable-goods industries weekly earnings rose 26.1% to a level of $42 while those for the non-durable goods increased 17.1% over this same interval to $27.72.

Hourly earnings in coal mining showed little change over the month, although marked gains occurred over the year interval. In March, 1942, anthracite miners average 98.9 cents per hour, a rise of 9.2% since March, 1941; bituminous coal miners averaged $1.06 per hour, a rise of 19.5% over the year. Working hours showed little change, averaging 34.6 in anthracite and 31.5 in bituminous mines; average weekly earnings stood at $34.43 and $32.92, respectively. Hourly earnings in metal mines moved steadily upward to 86.6 cents, a rise of 16.5% since March, 1941. Hours amounted to 44.2 as compared with 41.0 a year earlier; while weekly earnings reached $38.27, an increase of 24.0% over the year. Hourly earnings have risen moderately in recent months in the various public utilities, as have their weekly earnings. Hourly earnings in wholesale trade (84.7 cents in March, 1942), have shown a substantially greater rise in recent months than those for retail trade (59.9 cents in March, 1942).

Sees Record Volume Of South American Trade

(Continued from First Page)

millions, or nearly 50% more than in 1918, the largest year ever recorded. The total volume of the trade of the 10 nations among themselves in 1939, the first year of the war, was nearly 200 millions.

These figures do not reflect the substantially increased exports of war materials to the United States by South American nations, nor expanded commerce with the Central American nations, the Caribbean countries and Mexico.

The new and additional trade developed by the South American nations among themselves, as well as the emergency exports of war materials to the United States soon should make up the losses of Central European and other markets cut off by the war, if South American trade is considered as a whole. The distribution of the new volume, however, differs from the old, with some of the nations, especially the large metal producers, relatively benefiting more than others.

The few incomplete figures available for 1941 indicate that the inter-South American trade of at least eight of the 10 nations is growing rapidly. The Banco Central de Reserva del Peru, for instance, reports that Peruvian exports to seven of its continental neighbors increased 29% for the first 10 months of 1941 over 1940.

In normal years trade of Colombia and Venezuela with their South American neighbors has been negligible but this is now increasing, especially with Brazil. Figures reported by the Chamber of Commerce of Caracas show that Venezuelan exports for the first half of 1941 were 90% of her total for all of 1940, or nearly doubled. Ecuador's total exports to all countries in 1941 exceeded 1940 by 20%, three-fourths of all the exports going to the United States and the remainder to Latin America.

A large part of the increase in the inter-South American trade is in textiles and other consumer goods, much of which were imported from Europe before the war, but with aid and encouragement from the United States some of the nations also are looking now toward the manufacturing of steel and similar durable goods.

Chile, Peru, Colombia, Brazil and Argentina, are actively expanding their consumer goods industries, particularly textiles. Uruguay also is reported very active in building up her exports of finished woolen fabrics to her neighbors.

Growing recognition of their community of interests may be seen in the trade agreements consummated among the South American nations in the last decade, and others now being considered. They have already had a marked effect in increasing the continental trade. These agreements are on the most-favored-nation basis and at least one, between Chile and Ecuador, provides for exchange of certain products without tariff. Another significant agreement was that negotiated by Argentina and Brazil by which they sought to make their economies more complementary by granting concessions to industrial and agricultural products of major volume in one country but only of minor volume in the other.

Mr. Iglehart also points out that "the rapid growth of trade among the Good Neighbors of South America has caused them to give new thought to the dollar as a common standard of value and to the stabilization of their currencies in relation to each other and to the dollar." He adds:

In the case of Paraguay, for example, her trade with her neighbors is so substantial a part of her foreign commerce and especially with Argentina that those two nations have agreed to provide for establishment of a foreign exchange fund to aid in Paraguayan monetary stabilization.

Establishment of the dollar as a standard of value on a gold basis throughout Latin America would help to insure the maintenance of a large volume of this inter-South American trade after the war, as well as substantial trade between all of Latin America and the United States. It is certain that if trade between the United States and Latin America could be established on a gold standard basis the exchange control and export-import permits could be eased and trade in the whole Hemisphere would develop much more easily now and after the war. That action would also make it more difficult in the future for any foreign nation dealing in tokens such as Askimarks.

Instalment Sales Rule Under Regulation W

The Federal Reserve Bank of San Francisco issued on May 18 the following statement in connection with revised Regulation W of the Board of Governors of the Federal Reserve System pertaining to consumer credit:

Inquiries received by this bank indicate that some stores have gained the impression that the Federal Reserve Regulation setting maximum terms on instalment and charge accounts, as revised effective May 6, permits sales to be made on "open book" or "charge account" with the understanding that the account may later be converted to an instalment sales contract having a maturity up to six months. This procedure apparently has been considered acceptable by some stores and consumers as a means of avoiding the cash down payment provisions required on all instalment sales of listed articles.

Such an impression is erroneous. The sale of any listed article in an open book or charge account with an agreement, arrangement, or understanding that the credit will later be converted into an instalment contract violates sections 5(a) and 11(a) of the Regulation. It is desired that this be widely understood by all retailers extending credit in order that they may not unintentionally make sales which do not comply with the Regulation.

The Reserve Board's revised regulation was referred to in these columns May 7, page 1780.

OPA Clarifies Price Order And State Fair Trade Laws

Nothing in the General Maximum Price Regulation authorizes sales below the minimum prices established under State Fair Trade laws if these minimums are equal to or less than the ceiling prices set by the Regulation, Price Administrator Leon Henderson stated on May 22. The OPA announcement likewise said:

Section 8 of the Regulation providing that "lower prices than those established by this Regulation may be charged, demanded, paid or offered" should not be construed to express an intent to void any seller's obligation to maintain minimum prices under any fair trade agreement or State Fair Trade Act. The purpose of this provision, Mr. Henderson said, is to make clear to sellers and buyers that OPA is fixing maximum prices only.

Mr. Henderson's announcement supplements a statement issued by him a few days ago to the effect that State Fair Trade Laws cannot require a retailer to sell above his ceiling price. On that occasion Mr. Henderson made the following three points:

1. Fair trade agreements may establish a minimum price which is binding upon a retailer only if that minimum is not higher than the ceiling prices of that retailer.

2. No new fair trade agreement effective after May 18 may establish minimum prices for a retailer higher than the March ceiling price of that retailer.

3. If the highest price charged by a retailer during March was below the minimum price established by a fair trade agreement, the retailer is nevertheless "frozen" to the prices he actually charged, regardless of the fact that in charging such price he may have violated a fair trade agreement or a State Fair Trade Act.

However, in the last instance, where a retailer is "frozen" at a *maximum price* which forces him to sell below the *minimum price* set in a fair-trade agreement that was in effect in March, he may apply under Section 18(a) of the Regulation for an adjustment of his ceiling on the ground that it is "abnormally low in relation to the maximum prices of the same or similar commodities established . . . for other sellers at retail."

US Advances Funds For Cuban Sugar Supply

The Defense Supplies Corporation, a subsidiary of the Reconstruction Finance Corporation, on May 13 began advancing more than $150,000,000 to Cuban sugar mill owners for sugar now in warehouses. From Associated Press Havana advices, the following is taken:

Business observers predicted the release of the funds, which some said might run as high as $200,000,000, would create a business boom in Cuba.

The Defense Supplies Corporation bought the entire 1942 export sugar crop of Cuba. The money represents interest-free loans the corporation agreed to make in exchange for an arrangement whereby the mills would supply a greater amount of raw sugar, and a smaller percentage of molasses, than had been agreed upon originally.

But while business men expected a boom to result from the release of the loans, in other quarters it was said that war problems made the future outlook for sugar very uncertain.

Plans for the United States purchase were referred to in these columns Feb. 12, page 676.

Extends War Rent Areas

The Office of Price Administration on May 23 enlarged the size of six previously announced war production rental areas because expanding activities and the construction of army camps have made the rent situation critical in these areas.

The areas involved included Northeastern New Jersey, originally designated as the counties of Bergen, Essex, Hudson, Middlesex, Monmouth, Morris, Passaic, Somerset and Union, and extended to include Sussex County.

On May 26 the OPA designated 18 additional communities and all of the Territory of Alaska as "defense-rental areas."

The OPA recommends a date at which maximum rents should be established in the areas and if the recommendations are not carried out within 60 days the OPA will then step in and impose Federal controls.

OPA action on high rents in 323 defense-rental areas was reported in these columns May 7, page 1779.

President Asks Added $614 Million For Navy

President Roosevelt asked Congress on May 25 to appropriate or grant contractual authority for an additional $614,425,000 for the Navy.

Items listed in a request to Speaker of the House Rayburn included, according to the Associated Press, a deficiency estimate for the 1941 fiscal year amounting to $650,000,000, a supplemental estimate for the 1942 fiscal year totaling $404,355,000 in cash and contract authorization, and a supplemental estimate of $209,440,000 for the 1943 fiscal year. The press advices from which we quote further said:

The estimates also proposed to increase the contract authorization for naval aviation for 1942 from $650,000,000 to $800,000,000, of which $210,000,000 would be available for plant facilities.

FIC Banks Place Debs.

The Federal Intermediate Credit Banks on May 14 made a successful placement of $41,165,000 debentures through Charles R. Dunn, New York, fiscal agent for the banks. Of the total amount $36,415,000 were sold publicly at par, of which $16,015,000, dated June 1, 1942, and due Jan. 2, 1943, carries a coupon rate of 0.75% and $20,400,000, dated June 1, 1942, and due April 1, 1943, bears a coupon rate of 0.85%. The other issue of $4,750,000 carrying a coupon of 0.50% and maturing Sept. 1, 1942, was sold privately at par. Of the proceeds of the sale $38,450,000 will be used to pay off a like amount of debentures due June 1 next and $2,715,000 is for new money. At the close of business June 1 the banks will have outstanding $299,470,000 debentures, an all time high.

War Savs. Radio Program To Get Award Of Merit

Vincent F. Callahan, Director of Press and Radio of the War Savings Staff of the Treasury Department, will accept a certificate of merit awarded to one of the War Savings radio programs by the Women's Press Club of New York City at a special ceremony to be held in the Hotel Pennsylvania, New York, on May 23. The program voted the award by the Women's Press Club was entitled "Education for Death," and was one of the "Treasury Star Parade" series of transcriptions which are being broadcast three times weekly over almost all of the nation's 868 radio stations. A part of the prize-winning program will be broadcast at the award presentation meeting.

Non-Ferrous Metals—End-Use Of Copper To Fix Allocations By WPB—Price Of Iridium Cut $10

"Metal and Mineral Markets" in its issue of May 21 stated: "To control the flow of copper for the war program, end-use of the metal henceforth will determine the tonnages to be allocated to consumers monthly. Frozen inventories, made up in part of fabricated products, should yield 255,000 tons of copper and 45,000 tons of zinc, officials in Washington believe. Iridium, one of the metals in the platinum group, now tightly controlled, is quotable at $165 an ounce troy, a reduction of $10 an ounce." The publication further reported as follows:

Copper

Harry O. King, head of the Copper Branch of WPB, met with members of the industry during the last week to outline an improved plan for handling allocations of the metal by means of determining the exact needs of fabricators. He told members of the trade that about 2,000,000 tons is in sight for this year, which includes foreign copper, scrap, etc. The Government wants 3,500,000 tons of copper a year for the domestic and lend-lease war program.

Consumers will be required to fill out a questionnaire to obtain copper, describing in great detail exactly where and when the product manufactured will be put to use. The plan is expected to eliminate all guess-work in fixing allocations and speed the movement of the metal into essential channels. Mr. King believes that consumers will, under the plan, obtain copper a month or more ahead of the period when the metal will be needed for fabrication.

Production of copper in Chile, Peru, and Mexico during April totaled 51,342 tons, which compares with 49,212 tons in March.

Sales of copper in the domestic market during the week ended May 19 amounted to 10,854 tons, against 22,264 tons in the week previous. Sales for the month so far amounted to 70,856 tons. The price situation was unchanged, domestic metal selling on the basis of 12c., Connecticut Valley, with foreign copper moving into the country on the basis of 11.75c., f. a. s. United States ports.

Lead

Distribution of lead to domestic consumers is holding at between 70,000 and 75,000 tons a month. May requirements of consumers are covered to about 75%, with June at 25%, according to estimates in the trade. Sales of common lead for the week ended May 20 involved 14,407 tons. Common lead in New York continued at 6.50c., with the St. Louis basis also unchanged at 6.35c.

Domestic refineries produced 58,950 tons of lead during April, of which total 52,049 tons was obtained from domestic ore. The trend in output has been upward since the beginning of the war.

Zinc

The zinc industry is busy preparing for full allocation scheduled for June 1. Under the plan, producers will be permitted to ship 25% of a consumer's needs, provided the producer feels certain that the consumer is working on war business and will obtain an allocation certificate.

The price situation last week was unchanged. Sales of common grades by the Prime Western division for the week ended May 16 amounted to 5,508 tons, against 6,332 tons in the week previous. Shipments of common zinc for last week amounted to 6,769 tons, against 6,014 tons the week before. The backlog dropped to 86,638 tons.

Tin

Advices from Washington state that the smelter in Texas is to be enlarged again, this time to a tonnage sufficient to treat virtually all of the concentrate being produced in countries now supplying the United Nations. This would bring the capacity to around 90,000 tons of tin a year. The program provides against possible damage to the Liverpool smelter now treating concentrate shipped to England by Patino. It also permits the United Nations to take advantage of the shipping situation.

Production of tin in the Belgian Congo is being increased to a total of 20,000 tons (metal content) a year. Nigeria is being pressed to raise output to 17,000 tons of tin or more.

Straits quality tin for future deliveries was nominally as follows:

	May	June	July
May 14	52.000	52.000	52.000
May 15	52.000	52.000	52.000
May 16	52.000	52.000*	52.000
May 18	52.000	52.000	52.000
May 19	52.000	52.000	52.000
May 20	52.000	52.000	52.000

Chinese tin, 99%, spot, 51.125c., all week.

London Tin—No quotations.

Quicksilver

The price situation in quicksilver remains unchanged. Business was placed during the last week on the basis of $191 per flask, Pacific Coast, prompt shipment, and at $187 per flask on forward metal. The New York quotations continued at $197.30 to $199.21.

Under prevailing conditions, the Spanish market for quicksilver is exerting no influence on the price situation here. However, according to a survey of Spain's metal output in the May issue of "Engineering and Mining Journal," that country is producing quicksilver currently at the rate of 7,000 flasks a month. Stocks of quicksilver in Spain at the beginning of the year amounted to 52,000 flasks, the report states.

Silver

During the past week the silver market in London has been quiet, with the price unchanged at 23½d.

The New York Official and the U. S. Treasury prices are also unchanged at 35⅛c. and 35c., respectively.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

May	Electrolytic Copper Domest., Refin.	Electrolytic Copper Exp., Refin.	Straits Tin, New York	Lead New York	Lead St. Louis	Zinc St. Louis
14	11.775	11.700	52.000	6.50	6.35	8.25
15	11.775	11.700	52.000	6.50	6.35	8.25
16	11.775	11.700	52.000	6.50	6.35	8.25
18	11.775	11.700	52.000	6.50	6.35	8.25
19	11.775	11.700	52.000	6.50	6.35	8.25
20	11.775	11.700	52.000	6.50	6.35	8.25
Average	11.775	11.700	52.000	6.50	6.35	8.25

Average prices for calendar week ended May 16 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery, 11.700c.; Straits tin, 52.000c.; New York lead. 6.500c.; St. Louis lead, 6.350c.; St. Louis zinc, 8.250c.; and silver, 35.125c.

The above quotations are "M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to World War II, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c. is deducted from f.a.s. basis (lighterage etc.) to arrive at the f.o.b. refinery quotation.

From Washington

(Continued from First Page)

which we are told on the radio every night and in the daily press will win the war. These men who are out there shooting and getting shot—they are really puny.

They are making a valorous but indistinct contribution as I understand it. Something we have to have, of course, in war. But if I am to listen to the radio and the newspapers, the men who are really winning this war are those engaged on the psychological front, preferably in Archie MacLeish's office of what has come to be known as the Office of Fascists and Fascism, at $8,000 or $9,000 a year.

The National Press Club has, in the past few months, witnessed more heroes turn up in jobs in Archie's outfit at the above stated salaries ,than one could shake a stick at. And not one of them was placed except on the basis that he thought "every man should get in there and pitch."

And they are pitching, too, these high paid heroes of Archie's. They are terribly worried about our morale. We don't seem to realize that a war is on. That is the trouble with us. We are entirely too complacent. Most every night there is someone on the radio either directly working for Archie or sponsored by him, telling us how dumb we are. THIS IS WAR! It is a truly frightening shriek. One must search his mind as these men who are not only making money but seeking deferment from the draft, utter the words. Out over all the country the gold stars are going up in the windows, the word comes from missing Kansans and Nebraskans in Bataan, the tell-tale telegrams come of the boys lost in Hawaii—et's forget that—they come telling of stories in the jungles of the East.

The mothers who get these messages—the fathers whose businesses are being closed—those people who are being wrecked by taxes, by rationings, by price ceilings—they do not know that a war is on. They will be told that tonight by Archie MacLeish's disciples—in print and over the air.

They will be told that—because this is really a Psychological War. If these mothers who have put up the Gold Stars and these fathers who have been ruined in their businesses think this is war because of these facts, they are very foolish. They are not a part of the New Understanding.

The New Understanding is that Words will win the war. Why in the name of God we ever pitched men into it is something that I don't understand. Words will win. We have got to give Archie and his legions full leash so that words will win it. Your MacArthur's and the boys on the front are a lot of nonsense. If we are to survive Hitler we must let Archie and his word boys have full sway.

It is a funny thing, too, because I have asked every one of my friends what was the influence of the counterparts of Archie—the German propagandists—on him. And each and every one has replied that he had never heard any Axis propaganda in his life. Some of these people have said that they had a radio fitted for short wave broadcasting but that so help them goodness, they had long had too much to do to tune in on it. But notwithstanding this aversion of Americans to the foreign short wave broadcasts, our MacLeish's insist the German propaganda constitutes one of the gravest problems the Government is up against.

Unquestionably these broadcasts are having an affect on our officials. In the past month I have heard three high ranking officials accuse one another of uttering the words of Goebbels.

In view of the articulation of the bureaucrats in Washington I don't see how in the world the fighting men, with all their medals, and heroic deeds, have a chance in the future. They won't be able to tell about what they have done. But the Bureaucrats will.

April Building Permit Valuations Are Down

Permit valuations in April were 32% lower than during the corresponding month of 1941, Secretary of Labor Frances Perkins reported on May 23. "All classes of construction shared in the decrease," she said. "The heaviest decline (40%) occurred in the value of new non-residential building. New residential building showed a decrease of 29%, while additions, alterations, and repairs were lower by 19%. The stop construction order issued by the War Production Board, effective April 9, was largely responsible for the falling off in the projection of new construction." Secretary Perkins further stated:

April valuations were also lower than those for March, which is a contra-seasonal movement. The total permit valuations in April were 12% lower than during March. Over the same period, new non-residential building showed a decrease of 37% while additions, alterations, and repairs declined by 3%. There was, however, an increase of 11% in indicated expenditures for new residential buildings. This increase was brought about by resumption of Federally financed housing construction in defense areas.

During the first 4 months of 1942, permits were issued in reporting cities for buildings valued at $826,131,000, a decrease of 8% as compared with the corresponding period of 1941. Permit valuations for new residential buildings for the first 4 months of the current year amounted to $391,167,000, a loss of 14% as compared with the first 4 months of the preceding year. Over the same period new non-residential building decreased slightly less than 1% and additions, alterations, and repairs declined 7%.

The Bureau's tabulations of permit valuations include contracts awarded by Federal and State Governments in addition to private and municipal construction. For April 1942, Federal and State construction in the 2,364 reporting cities totaled $55,474,000; for March 1942, $78,367,000, and for April 1941 $84,449,000.

Changes in permit valuations in the 2,364 reporting cities between April 1942, March 1942, and April 1941 are summarized below:

Class of Construction—	Change from April, 1941, to April, 1942: All Cities	Excluding N. Y. City
New residential	—29.0%	—25.7%
New non-residential	—39.8%	+ 0.9%
Additions, alterations, & repairs	—19.1%	—16.7%
All construction	—31.8%	—19.1%

Class of Construction—	Change from March, 1942, to April, 1942: All Cities	Excluding N. Y. City
New residential	+10.6%	+14.8%
New non-residential	—37.1%	—36.0%
Additions, alterations, & repairs	— 2.5%	— 1.1%
All construction	—12.2%	—10.0%

Comparisons of permit valuations in cities reporting for the first 4 months of 1941 and 1942 are shown in the following table:

Class of Construction—	Change from First 4 Months of 1941 to First 4 Mos. of 1942: All Cities	Excluding N. Y. City
New residential	—13.8%	— 8.7%
New non-residential	— 0.3%	+13.1%
Additions, alterations, & repairs	— 6.8%	— 1.6%
All construction	— 8.0%	— 0.0%

The Bureau's advices also state:

New housekeeping dwellings for which permits were issued in the 2,364 reporting cities in April 1942 will provide 33,096 dwelling units or 19% more than the 27,916 dwelling units reported in the previous month, and 20% fewer than the number provided in April, 1941. Dwelling units in publicly financed housing projects included in these totals numbered 8,522 in April 1942, 2,462 in March 1942, and 7,931 in April, 1941.

Principal centers of various types of building construction for which permits were issued or contracts were awarded in April 1942, except those awarded by the War and Navy Departments, Maritime Commission, and the Defense Plant Corporation which have been excluded because of their confidential nature, were: Camden, N. J., 1-family dwellings to cost $683,000; Auburn, N. Y., factories to cost $653,000; New York City—Borough of Manhattan, a school to cost $775,000, and the Borough of Queens, 2-family dwellings to cost $1,098,000; Philadelphia, Pa., 1-family dwellings to cost $2,629,000; Upper Darby Township, Pa., 1-family dwellings to cost $498,000, and 2-family dwellings to cost $999,000; Chicago, Ill., 1-family dwellings to cost $1,108,000, and factories to cost $1,010,000; Lincolnwood, Ill., a factory to cost $1,500,000; Dearborn, Mich., factories to cost $1,530,000; Detroit, Mich., 1-family dwellings to cost $4,086,000, and factories to cost $2,832,000; Flint, Mich., factories to cost $1,694,000; Cleveland, Ohio, 1-family dwellings to cost $1,057,000; Columbus, Ohio, 1-family dwellings to cost $674,000; Toledo, Ohio, a factory to cost $1,000,000; Beloit, Wis., factories to cost $810,000; Washington, D. C., multi-family dwellings to cost $2,461,000, and a dormitory to cost $600,000; Baltimore, Md., 2-family dwellings to cost $773,000; Baltimore County, Dist. No. 12, 1-family dwellings to cost $1,002,000; Alexandria, Va., multifamily dwellings to cost $1,101,000; Norfolk, Va., 1-family dwellings to cost $839,000; Arlington County, Va., to cost $2,098,000; and Los Angeles, Calif., 1-family dwellings to cost $1,149,000, and multifamily dwellings to cost $5,549,000.

Among the publicly financed housing projects for which contracts were awarded during April were the following developments with the indicated number of dwelling units: New Haven, Conn., $1,200,000 for 300 units; Boston, Mass., $3,200,000 for 972 units; Holyoke, Mass., $820,000 for 219 units; Jersey City, N. J., $1,643,000 for 416 units; Chicago, Ill., $1,150,000 for 269 units; Springfield, Ohio, $712,000 for 250 units; Burlington, Iowa, $1,129,000 for over 400 demountable units; Washington, D. C., $8,490,000 for 815 units; Norfolk, Va., $2,265,000 for 900 demountable units; Compton, Calif., $1,500,000 for 500 units; Sacramento, Calif., $1,217,000 for 332 units; Vallejo, Calif., $755,000 for 300 demountable units; Portland, Ore., $1,312,000 for 400 units; Tacoma, Wash., $1,711,000 for 400 units; and Vancouver, Wash., $1,705,000 for 550 demountable units.

Hints Greater AEF

President Roosevelt implied to his press conference on May 19 that additional American troops are to be sent to Europe. Commenting on the arrival on that day of a large United States force in Northern Ireland, the President said that the landing operation was successfully carried out and expressed the hope that success would continue in the future. When a reporter asked if that meant more troops Mr. Roosevelt replied that there was a sort of implication in his remarks. Contingents of U. S. troops began arriving in Ireland on May 19.

War Industry Strikes Increased In April

Man-days lost from war production due to strikes in April of this year were 8/100 of 1% of total man-days worked during the month, William H. Davis, Chairman of the National War Labor Board, announced on May 14.

The following table made available by the Board gives a detailed picture of the strike situation as it affected war production during April, compared with March of this year and April of last year:

	April, 1942	March, 1942	April, 1941
Man-days lost	173,500	166,700	1,031,000
Man-days worked	213,000,000	200,000,000	59,000,000
Percentage—time lost to time worked	8/100 of 1%	8/100 of 1%	1¾%
Number of strikes	*95	74	-------
Number of men involved	43,000	39,250	-------

*One of this number was a lockout.

The Board states that the strike figures were based on the work of an interdepartmental committee on strike statistics. The committee consists of representatives of the War, Navy, and Labor Departments, the War Production Board, the Maritime Commission, and the War Labor Board.

Moody's Bond Prices And Bond Yield Averages

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

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

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
May 26	118.34	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
25	118.40	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
23	118.38	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
21	118.08	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.50
20	117.92	106.56	116.02	113.12	107.44	92.06	96.38	110.70	113.70
19	117.86	106.56	116.02	113.12	107.62	92.06	96.54	110.70	113.50
18	117.88	106.56	116.02	113.12	107.62	92.06	96.54	110.88	113.50
16	117.88	106.56	116.02	113.12	107.44	92.06	96.54	110.88	113.70
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
14	117.80	106.56	116.02	113.31	107.44	92.06	96.54	110.88	113.50
13	117.89	106.56	116.02	113.12	107.44	92.06	96.54	110.70	113.70
12	117.72	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
11	117.74	106.56	116.02	113.12	107.44	92.20	96.69	110.70	113.70
9	117.76	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
7	117.83	106.74	116.22	113.12	107.44	92.20	96.54	110.70	113.70
6	117.98	106.74	116.22	113.12	107.62	92.06	76.54	110.70	113.70
5	118.01	106.74	116.02	113.12	107.62	92.20	96.69	110.70	113.70
4	117.86	106.74	116.22	113.12	107.44	92.20	96.69	110.70	113.70
2	117.98	106.74	116.22	113.12	107.44	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
17	118.08	106.92	116.41	113.70	107.62	92.20	96.85	110.88	113.89
10	118.06	106.92	116.41	113.89	107.62	92.35	97.16	110.70	114.08
2	118.10	106.92	116.22	113.70	107.62	92.20	97,00	110.52	114.08
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	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1942	118.40	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 May 26, 1941	118.41	106.39	116.80	113.31	107.09	91.19	96.69	110.88	112.93
2 Years ago May 25, 1940	113.22	99.20	112.37	109.60	99.68	79.84	86.78	105.69	106.92

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

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
May 26	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
25	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
23	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
21	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.98
20	3.36	2.85	3.00	3.31	4.27	3.98	3.13	2.97
19	3.36	2.85	3.00	3.30	4.27	3.97	3.13	2.98
18	3.36	2.85	3.00	3.30	4.27	3.97	3.12	2.98
16	3.36	2.85	3.00	3.31	4.27	3.97	3.12	2.97
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
14	3.36	2.85	2.99	3.31	4.27	3.97	3.12	2.98
13	3.36	2.85	3.00	3.31	4.27	3.97	3.13	2.97
12	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
11	3.36	2.85	3.00	3.31	4.26	3.96	3.13	2.97
9	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
7	3.35	2.84	3.00	3.31	4.26	3.97	3.13	2.97
6	3.35	2.84	3.00	3.30	4.27	3.97	3.13	2.97
5	3.35	2.85	3.00	3.30	4.26	3.96	3.13	2.97
4	3.35	2.84	3.00	3.31	4.26	3.96	3.13	2.97
2	3.35	2.84	3.00	3.31	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
17	3.34	2.83	2.97	3.30	4.26	3.95	3.12	2.96
10	3.34	2.83	2.96	3.30	4.25	3.93	3.13	2.95
2	3.34	2.84	2.97	3.30	4.26	3.94	3.14	2.95
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	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago May 26, 1941	3.37	2.81	2.99	3.33	4.33	3.96	3.12	3.01
2 Years ago May 25, 1940	3.80	3.04	3.19	3.77	5.20	4.65	3.41	3.34

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

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

Electric Output For Week Ended May 23, 1942 Shows 11.2% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 23, 1942, was 3,379,985,000 kwh., which compares with 3,040,029,000 kwh. in the corresponding period in 1941, a gain of 11.2%. The output for the week ended May 16, 1942, was estimated to be 3,356,921,000 kwh., an increase of 11.5% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— May 23, '42	May 16, '42	May 9, '42	May 2, '42
New England	9.8	8.7	7.8	8.0
Middle Atlantic	8.2	8.4	8.7	9.7
Central Industrial	9.0	9.3	10.2	11.1
West Central	8.2	8.2	10.1	8.9
Southern States	15.4	16.7	17.0	16.1
Rocky Mountain	4.6	2.5	3.3	3.3
Pacific Coast	19.2	19.6	20.1	19.8
Total United States	11.2	11.5	12.0	12.2

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Mar. 14	3,357,444	2,983,591	+12.5	2,550,000	1,537,747	1,687,229
Mar. 21	3,357,032	2,983,048	+12.5	2,508,321	1,514,553	1,687,229
Mar. 28	3,345,502	2,975,407	+12.4	2,524,066	1,480,208	1,679,589
Apr. 4	3,348,608	2,959,646	+13.1	2,493,690	1,465,076	1,663,291
Apr. 11	3,320,858	2,905,581	+14.3	2,529,908	1,480,738	1,696,543
Apr. 18	3,307,700	2,897,307	+14.2	2,528,868	1,469,810	1,709,331
Apr. 25	3,273,190	2,950,448	+10.9	2,499,060	1,454,505	1,699,822
May 2	3,304,602	2,944,906	+12.2	2,503,899	1,429,032	1,688,434
May 9	3,365,208	3,003,921	+12.0	2,515,515	1,436,928	1,698,492
May 16	3,356,921	3,011,345	+11.5	2,550,071	1,435,731	1,704,426
May 23	3,379,985	3,040,029	+11.2	2,588,821	1,425,151	1,705,460

Steel Production Again At Record High—War Needs Increasing—More Plants Converted

War Production Board officials this week are preparing to take steps to prevent "priorities inflation" under which a flood of high ratings is interfering with the efficient flow of vital materials to United States war plants, reports "The Iron Age" in its issue of today (May 28), adding in part: "When the Allocation Classification Plan is put into use in conjunction with the production requirements plan, "The Iron Age" is told, 90% of all industries will no longer operate under the "P" or preference rating orders. NPB several months ago indicated that the expanding war program made it impossible to continue the use of preference ratings assigned under the "P" orders without any exact check of the amount of material obtained by their use. The automobile industry has already adapted more than two thirds of its automotive manufacturing equipment to the production of armaments. In addition, 3% of its equipment is earmarked for near-future war work, according to the Automotive Council for War Production."

The American Iron and Steel Institute on May 25 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 99.6% of capacity for the week beginning May 25, compared with 99.2% one week ago, 98.9% one month ago and 98.6% one year ago. The rate for the current week equals the all-time peak figure established two weeks ago and represents an increase of 0.4 points or 0.4% from the preceding week. The operating rate for the week beginning May 25 is equivalent to 1,691,800 tons of steel ingots and castings, compared to 1,685,000 tons one week ago, 1,679,900 one month ago, and 1,591,300 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on May 25 stated in part:

"While production and shipment of steel are at an unprecedented rate, new records being made constantly, demand is outrunning best efforts of the industry and war requirements are crowding out practically everything else.

"Critical ratings are moving up steadily and producers who have been forced to refuse all business rated below A-1-a are receiving directives which jeopardize commitments even at this top rating. Steelmakers who have been able to promise delivery at lower priorities find the margin steadily narrowing. At the same time orders are increasing as more manufacturing plants complete conversion to war production and enter the market for steel. This trend promises to continue for some time, until changeover to essential goods is completed.

"Current scrap supply is meeting production needs, little complaint being heard of shortage. Intensive collection programs continue, with good results."

Real Weekly Earnings At Unprecedented High

"Real" weekly earnings of manufacturing workers in the United States, total man hours worked, and total payrolls rose in March to levels never before attained, according to statistics compiled monthly by the Conference Board, New York.

Under date of May 20, the Board stated:

"Real" weekly earnings, that is dollar earnings adjusted for changes in the cost of living, increased 0.5% from February to March. The March level was 7.7% higher than in March, 1941, and 39.1% higher than the average for 1929.

Man hours rose 1.7% in March above the February figure, and exceeded the March, 1941, level by 20.0%. The March figure was 13.8% above the 1929 level.

Payrolls advanced 2.6% in March over February. The March figure was 38.8% higher than that for the corresponding month last year, and 72.0% above that for the year 1929.

March is the latest month for which data are available for the 25 industries regularly surveyed by the Conference Board.

Weekly earnings at $38.14 in March, were 1.6% higher than in February, 19.9% higher than in March of last year and 33.6% higher than the 1929 level. Since May, 1940, the month before our defense program was initiated, when the wage earner got $27.67 per week, his earnings have risen 37.8%. The total rise since the month before the outbreak of hostilities in Europe is 39.8%. The rise in his "real" earnings is somewhat less by reason of the rise in the cost of living. Hourly earnings advanced 0.9% in March to $.888. At that figure they were 15.5% above those of March, 1941, and 50.5% above average hourly receipts in 1929.

Jones Calls For More Synthetic Rubber

Secretary of Commerce Jesse Jones told a Senate Agriculture sub-committee on May 21 that he had recommended that the nation's synthetic rubber production program be increased from 800,000 tons a year to 1,000,000 tons and that plans are under way for using more grain alcohol in the rubber production to bring it in line with the use of petroleum.

In the course of his testimony, Mr. Jones revealed that the War Production Board will soon announce a program for converting the liquor distilleries to the production of alcohol needed for making explosives, rubber and other war materials.

The Secretary also disclosed that Government financed plants for converting grains and other farm products into synthetic rubber would be increased from present plans for 80,000 tons to 200,000 tons.

Mr. Jones' previous testimony on the rubber program was noted in these columns April 16, page 1559.

Secretary of Agriculture Wickard on May 8 told the Senate subcommittee that the present program for use of grains to make alcohol for synthetic rubber production should be expanded; his remarks were reported in our issue of May 14, page 1870.

Govt. Group To Study Wage Stabilization

A special committee of four high governmental officials has been appointed to decide whether a further directive from President Roosevelt is necessary to deal with the problem of wage disputes that do not come before the National War Labord Board. This was revealed on May 19 by William H. Davis, head of the NWLB, who is a member of the group, together with Secretary of Labor Perkins, Price Administrator Henderson and War Manpower Commission Chairman McNutt.

In his seven-point program for control of the war-time cost of living, the President said that "all stabilization or adjustment of wages will be settled by the War Labor Board machinery" but it is estimated that the Board handles less than 10% of the industrial disputes seeking wage increases. Mr. Davis said that under these circumstances it is difficult to stabilize wages and clarification of the President's order is needed to deal with the problem of wage increases that are granted voluntarily by employers which might have an inflationary effect. Advices as to his comments are taken as follows from Washington Associated Press accounts May 19:

Citing Canada's wage controls, Mr. Davis said:

"We might say we don't want any wage increases except for those getting below $25 a week."

He said he used the Canadian standard as an illustration and not necessarily as his view of a standard wage in the United States. He reiterated that he regarded absolute freezing as "a very tragic thing because it would bear down heaviest on the lowest income groups."

Moody's Daily Commodity Index

Tuesday, May 19	231.5
Wednesday, May 20	232.0
Thursday, May 21	231.5
Friday, May 22	231.5
Saturday, May 23	231.8
Monday, May 25	231.8
Tuesday, May 26	231.7
Two weeks ago, May 12	231.9
Month ago, April 25	231.7
Year ago, May 26	196.3
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

To Encourage Redemption Of 1941 Loan Wheat

The Department of Agriculture announced on May 20 that farmers will be permitted to redeem farm-stored wheat held under loan to Commodity Credit Corporation through June 30, 1942, at feed wheat prices.

Explaining this plan the Department stated:

In the area where the feed wheat price is determined on the basis of the Corporation's release price for corn, the redemption price shall be the Corporation's release price for corn at the producer's delivery point but not less than 93c a bushel.

In the area where the feed wheat price is determined on the basis of the 1941 wheat loan value at the point of destination, the redemption price shall be 3 cents more than the 1941 loan value of wheat.

Producers must agree in writing that the wheat will be fed on the farm to livestock or poultry or will be sold for such purpose. No redemption or sale shall be permitted unless the county committee determines that the producer redeeming the wheat or the producer purchasing the wheat has sufficient livestock or poultry to utilize the wheat as feed within a reasonable length of time. Producers purchasing wheat from other producers will be required to agree in writing that the wheat will be fed to livestock or poultry.

In the event the purchaser fails to feed the wheat to livestock or poultry, he shall be required to pay to the Corporation an amount equal to the difference between the loan value, plus interest, plus the storage allowance, plus interest, and the amount at which the wheat was redeemed. The producer having the loan may deliver wheat not fed or sold as feed to the Corporation on the loan basis.

The plan further provides that producers who redeem their 1941 wheat be permitted to retain the 7-cent storage allowance on 1941 wheat if they have received the allowance, and that the 7-cent allowance be deducted from redemption price in the event they have not received it, and producers who redeem 1940 wheat be permitted to retain the 7-cent storage allowance advanced at the time the loan was extended and the 5-cent storage allowance for the extended period be deducted from the redemption price.

Says Public War Housing Schedule Must Be Speeded

To provide homes for war workers the public war housing program must be stepped up to provide five times as many homes in a third the time as in any previous public housing effort, Commissioner Herbert Emmerich of the Federal Public Housing Authority, declared in an address at the 10th annual meeting of the National Association of Housing Officials in Baltimore on May 13. This unprecedented schedule of construction is necessary, he said, to provide shelter and decent living conditions for the great army of migrating workers demanded by the war industries. These workers, it is added, must be provided adequate housing if our Army and Navy and Air Forces are to be sustained and are to prevail. "The gravity of our situation," Mr. Emmerich asserted, "is emphasized by three factors—the shortage of materials, the lack of transportation, and the lack of public recognition of the facilities and standards needed to preserve high production rates and faster schedules."

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report states that the total production of bituminous coal in the week ended May 16 is estimated at 11,480,000 net tons, indicating an increase of 65,000 tons, or 0.6%, over the output in the preceding week. Production in the corresponding week of 1941 was estimated at 9,936,000.

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite for the week ended May 16 was estimated at 1,262,000 tons, a decrease of 4,000 tons, or 0.3%, from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 390,000 tons (about 45%). The calendar year to date shows a gain of 16.7% 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 May 16 showed a decrease of 2,100 net tons, when compared with the output for the week ended May 9. Coke from beehive ovens increased 23,800 tons during the same period.

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		
	‡May 16, 1942	§May 9, 1942	May 17, 1941	May 16, 1942	May 17, 1941	May 15, 1937
*Bituminous coal—						
Total, incl. mine fuel	11,480	11,415	9,936	215,049	162,826	177,032
Daily average	1,913	1,903	1,656	1,867	1,404	1,552
†Crude petroleum—						
Coal equiv. of weekly output	5,581	5,677	6,062	119,168	114,205	103,700

*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.

§Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar year to date		
Penn. anthracite—	§May 16, 1942	May 9, 1942	May 17, 1941	May 16, 1942	May 17, 1941	May 18, 1929
*Total, incl. colliery fuel	1,262,000	1,266,000	872,000	22,371,000	19,177,000	28,087,000
†Commercial production	1,199,000	1,203,000	819,000	21,253,000	18,218,000	26,065,000
Beehive coke—						
United States total	168,300	144,500	126,600	2,918,400	1,958,400	2,431,200
By-product coke—						
United States total	1,180,500	1,182,600	‡	22,747,100	‡	‡

*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.)

	Week Ended					May
State—	May 9, 1942	May 2, 1942	May 10, 1941	May 11, 1940	May 8, 1937	avge. ¶1923
Alaska	4	4	3	3	2	**
Alabama	386	391	63	269	73	398
Arkansas and Oklahoma	71	62	11	18	8	66
Colorado	123	115	81	81	79	168
Georgia and North Carolina	1	1	1	††	††	**
Illinois	1,173	1,241	880	677	516	1,292
Indiana	430	430	347	270	223	394
Iowa	41	48	25	44	21	89
Kansas and Missouri	160	149	83	89	69	131
Kentucky—Eastern	977	976	761	780	797	679
Kentucky—Western	227	208	245	118	126	183
Maryland	43	44	19	24	17	47
Michigan	5	4	3	2	1	12
Montana	57	50	42	49	27	42
New Mexico	27	21	15	19	26	57
North and South Dakota	23	28	18	15	14	**14
Ohio	752	732	558	408	450	860
Pennsylvania bituminous	2,884	2,742	2,468	1,882	1,953	3,578
Tennessee	148	153	100	117	56	121
Texas	5	5	6	15	15	22
Utah	91	81	49	36	31	74
Virginia	418	413	335	284	231	250
Washington	26	23	26	23	28	44
*West Virginia—Southern	2,314	2,300	2,200	1,928	1,652	1,380
†West Virginia—Northern	904	913	783	587	543	862
Wyoming	124	125	70	80	56	110
‡Other Western States	1	1	1	††	††	**5
Total bituminous coal	11,415	11,260	9,193	7,818	7,014	10,878
§Pennsylvania anthracite	1,266	1,321	829	935	952	1,932
Total, all coal	12,681	12,581	10,022	8,753	7,966	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.

Engineered Construction For Week Up 315% Compared With Year Ago

Engineered construction volume for the week totals $216,513,000 the eighth time in the 21 weeks since the beginning of the year that the total has topped the $200,000,000-mark. The week's volume is 315% higher than in the corresponding 1941 week, but 6% under a week ago as reported by "Engineering News-Record" on May 21. The report also said:

The high totals of the opening three weeks of May bring construction to $881,345,000 for the period and insure a new record volume for the month.

Public construction for the current week is 479% above last year, however, it is 3% under the high total of last week. Private construction is 44 and 46% lower, respectively, than a year ago and a week ago. Federal work is responsible for the week's high volume, and is 1,367% over the 1941 week, but 3% under the preceding week.

The current week's total boosts 1942 construction to $3,773,129,000, a 73% increase over the volume for the 21-week period in 1941. Private construction, $295,303,000, is 51% below the period last year, but public work, $3,477,826,000, is 120% higher than a year ago as a result of the 205% gain in Federal construction.

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

	May 22, 1941	May 14, 1942	May 21, 1942
Total construction	$52,346,000	$229,877,000	$216,513,000
Private construction	16,563,000	17,371,000	9,305,000
Public construction	35,783,000	212,506,000	207,208,000
State and municipal	22,452,000	10,380,000	11,487,000
Federal	13,331,000	202,126,000	195,721,000

New capital for construction purposes for the week totals $26,448,000, an increase of 328% over the volume for the corresponding week last year. The week's new financing is made up of $1,346,000 in state and municipal bond sales, $10,102,000 in corporate security issues, and $15,000,000 in RFC loans for industrial plant expansion.

New construction financing for the year to date, $6,811,776,000, is 110% higher than the $3,237,025,000 reported for the 21-week period in 1941.

Federal Reserve April Business Indexes

The Board of Governors of the Federal Reserve System on May 23 issued its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board issued its customary summary of business conditions. The indexes for March, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings; 1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	April 1942	Mar. 1942	April 1941	April 1942	Mar. 1942	April 1941
Industrial production—						
Total	†174	172	144	†172	168	144
Manufactures—						
Total	†181	180	153	†180	177	153
Durable	†234	230	180	†234	227	181
Nondurable	†138	139	131	†137	137	130
Minerals	†130	127	95	†125	118	96
Construction contracts, value—						
Total	†115	125	103	†131	125	117
Residential	†84	95	80	†99	99	93
All other	†140	149	121	†157	147	136
Factory employment—						
Total	*	134.7	122.0	*	135.0	122.6
Durable goods	*	146.9	126.3	*	147.4	127.7
Nondurable goods	*	123.1	118.0	*	123.2	117.8
Factory payrolls—						
Total	---	---	---	*	182.9	134.7
Durable goods	---	---	---	*	217.3	149.9
Nondurable goods	---	---	---	*	144.3	117.7
Freight-car loadings	143	136	112	136	129	108
Department store sales, value	†117	124	104	†114	118	106
Department store stocks, value	*	†107	74	*	†109	76

*Data not yet available. †Preliminary or estimated.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on 3-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION

(1935-39 average = 100)

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	April 1942	Mar. 1942	April 1941	April 1942	Mar. 1942	April 1941
Manufactures—						
Iron and steel	†198	198	181	†198	198	181
Pig iron	*	194	170	*	194	170
Steel	217	216	192	217	216	192
Open hearth & Bessemer	179	180	172	179	180	172
Electric	483	473	333	483	473	333
Machinery	†274	265	194	†274	265	194
Transportation equipment	†345	327	196	†345	327	206
Non-ferrous metals & products	†182	184	183	†183	185	184
Copper smelting	†155	147	145	†155	147	145
Zinc smelting	185	184	164	185	184	164
Copper deliveries	†195	208	221	†195	208	221
Zinc shipments	145	148	147	145	148	147
Lumber and products	†134	134	132	†133	129	130
Lumber	†127	128	128	†127	120	128
Furniture	†149	145	139	†144	147	135
Stone, clay, & glass products	†160	171	141	†159	142	140
Cement	161	188	139	161	141	139
Polished plate glass	43	41	142	43	43	142
Textiles and products	†151	152	150	†151	152	150
Cotton consumption	177	169	161	177	169	161
Rayon deliveries	170	175	158	170	175	158
Wool textiles	*	148	152	*	148	152
Leather products	†121	120	115	†125	128	119
Tanning	*	126	109	*	126	110
Cattle hide leathers	*	139	119	*	140	119
Calf and kip leathers	*	96	97	*	91	96
Goat and kid leathers	*	117	96	*	116	99
Shoes	†118	116	119	†124	129	125
Manufactured food products	†136	137	123	†124	121	112
Wheat flour	98	101	110	92	98	103
Meat packing	†141	144	126	†133	131	119
Other manufactured foods	†138	138	122	†121	121	107
Paper and products	*	150	134	*	155	137
Paperboard	154	162	143	157	168	146
Newsprint production	109	106	114	109	106	114
Printing and publishing	†119	121	118	†125	126	124
Newsprint consumption	98	103	106	105	107	113
Petroleum and coal products	*	126	121	*	122	120
Petroleum refining	*	120	119	*	116	119
Gasoline	†106	117	120	†105	112	118
Fuel oil	*	124	120	*	122	117
Lubricating oil	*	131	118	*	130	122
Kerosene	*	113	117	*	115	119
Coke	160	160	133	160	160	133
Beehive	502	476	69	502	476	69
Byproduct	150	151	134	150	151	134
Chemicals	†168	161	133	†171	165	136
Minerals—						
Fuels	†125	122	86	†120	122	87
Bituminous coal	†178	146	22	†150	140	18
Anthracite	†114	113	71	†122	116	76
Crude petroleum	†105	114	113	†107	115	116
Metals	†156	154	149	†158	98	149
Iron ore	217	215	199	236	23	210
Copper	†170	162	152	†175	165	156
Lead	*	134	119	*	131	121

*Data not yet available. †Preliminary or estimated.

FREIGHT-CAR LOADINGS

(1935-39 average = 100)

Coal	160	122	45	135	125	38
Coke	200	168	137	176	175	120
Grain	117	119	113	100	102	96
Livestock	101	97	93	90	77	82
Forest products	159	149	130	159	149	130
Ore	267	282	266	218	73	203
Miscellaneous	141	143	130	142	139	131
Merchandise, l.c.l.	80	92	102	81	92	103

Note—To convert coal and miscellaneous indexes to points in total index, multiply coal by .213 and miscellaneous by .548.

Labor Bureau's Wholesale Price Index Shows Slight Decline In May 16 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on May 22 that in the first week during which wholesale markets were governed by the Office of Price Administration General Maximum Price Regulation the average level of wholesale prices showed little change. The Bureau's comprehensive index of wholesale prices of nearly 900 commodities for the week ended May 16 stood at 98.5% of its 1926 average. This, says the Department, was more than 1% above its highest level during March, 1942, the base period stipulated in the Regulation. While part of this increase since March reflects higher prices for farm products and for certain foods not subject to price ceilings, indexes for many other commodity groups which are under control remained above their March levels; these groups include hides and leather products, textile products, fuel and lighting materials, house-furnishing goods, and miscellaneous commodities. While the Regulation went into effect for transactions at wholesale on May 11, it is possible that prices of some commodities as reported during the week failed to show the full adjustments which are required, the Department states. It adds:

> As of April 28, 1942, just prior to the issuance of the General Maximum Price Regulation by the Office of Price Administration, more than 52% by value of all the commodities included in the Bureau of Labor Statistics' general wholesale price index were already subject to formal or informal price ceilings. The new Regulation brought under control an additional 25% of the commodities included in this index as measured by their 1940 value, leaving about 23%—principally agricultural products—still uncontrolled.
>
> For the 52% of commodities which were subject to direct controls of one kind or another prior to the issuance of the General Maximum Price Regulation, the average increase in price from Aug. 12, 1939, to April 18, 1942, was about 25%. The increase during the same period for the additional commodities which were brought under control for the first time under the new Regulation, was only slightly greater—averaging 27%. The products which remain exempt from control subsequent to the issuance of the General Maximum Price Regulation rose 52% on the average in the same interval.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for April 18, 1942, and May 17, 1941, and the percentage changes from a week ago, a month ago and a year ago:

(1926=100)

Commodity Groups—	5-16 1942	5-9 1942	5-2 1942	4-18 1942	5-17 1941	Percentage changes to May 16, 1942, from 5-9 1942	4-18 1942	5-17 1941
All Commodities	*98.5	98.6	98.7	98.3	84.6	—0.1	+0.2	+16.4
Farm products	104.3	104.0	104.8	105.2	76.3	+0.3	—0.9	+36.7
Foods	98.2	99.3	99.9	98.6	79.7	—1.1	—0.4	+23.2
Hides and leather products	119.8	120.2	120.0	119.8	106.1	—0.3	0	+12.9
Textile products	97.3	97.3	97.2	97.0	82.4	0	+0.3	+18.1
Fuel and lighting materials	78.8	78.7	78.6	78.1	75.6	+0.1	+0.9	+ 4.2
Metals and metal products	*104.0	103.9	103.9	103.9	98.1	+0.1	+0.1	+ 6.0
Building materials	110.1	110.0	108.7	108.8	100.2	+0.1	+1.2	+ 9.9
Chemicals and allied products	97.3	97.3	97.1	97.1	83.7	0	+0.2	+16.2
Housefurnishing goods	104.6	104.6	104.6	104.4	92.3	0	+0.2	+13.3
Miscellaneous commodities	90.2	89.9	89.6	89.6	79.4	+0.3	+0.7	+13.6
Raw materials	98.9	99.5	100.1	99.9	79.3	—0.6	—1.0	+24.7
Semimanufactured articles	92.8	92.6	92.5	92.7	86.4	+0.2	+0.1	+ 7.4
Manufactured products	*99.3	99.3	99.1	98.6	87.2	0	+0.7	+13.9
All commodities other than farm products	*97.2	97.4	97.3	96.9	86.5	—0.2	+0.3	+12.4
All commodities other than farm products and foods	*95.9	95.8	95.6	95.5	87.3	+0.1	+0.4	+ 9.9

*Preliminary.

Fertilizer Ass'n Price Index Lower

The rising trend in the general level of wholesale commodity prices was halted last week, according to the wholesale price index compiled by The National Fertilizer Association and made public on May 25, which was fractionally lower. In the week ended May 23, 1942, this index stood at 128.0% of the 1935-1939 average, compared with 128.1 in the preceding week, 127.7 a month ago, and 106.8 a year ago.

The slight drop in the all commodity index last week was due principally to rather marked declines in the price of some farm products. Livestock quotations were higher but declines in grains and cotton were more than sufficient to lower the farm product group index fractionally. The textile price index declined to the March levels, due to a drop in the price of raw cotton. The index of miscellaneous commodities was lower, reflecting price declines for cottonseed meal and linseed meal. The fertilizr materials group moved to higher levels last week as a result of an upturn in the price of dried blood. The food index remained unchanged last week, the result of price declines counter-balancing price advances.

During the week price declines and price advances were evenly balanced with 12 items included in the index advancing and 12 declining; in the preceding week, there were 16 advances and 15 declines; in the second preceding week there were 21 advances and 4 declines.

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

% Each Group Bears to the Total Index	Group	Latest Week May 23 1942	Preceding Week May 16 1942	Month Ago Apr. 18 1942	Year Ago May 24 1941
25.3	Foods	125.3	125.3	125.6	101.1
	Fats and Oils	139.1	139.1	138.0	111.5
	Cottonseed Oil	163.0	163.0	159.3	120.8
23.0	Farm Products	137.8	138.1	137.7	102.9
	Cotton	187.4	191.4	193.3	121.4
	Grains	115.1	117.2	113.9	94.3
	Livestock	133.9	133.0	133.0	100.9
17.3	Fuels	119.5	119.5	117.4	106.5
10.8	Miscellaneous commodities	127.9	128.1	128.3	115.0
8.2	Textiles	148.8	149.5	149.5	128.3
7.1	Metals	104.4	104.4	104.4	103.4
6.1	Building materials	151.8	151.8	151.7	116.6
1.3	Chemicals and drugs	120.7	120.7	120.7	105.0
.3	Fertilizer materials	119.8	118.7	118.7	107.1
.3	Fertilizers	115.3	115.3	115.3	101.1
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	128.0	128.1	127.7	106.8

*Indexes on 1926-1928 base were: May 23, 1942, 99.7; May 16, 1942, 99.8; May 24, 1941, 83.2.

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 May 19. Following is the tabulation issued by the Stock Exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allied Mills, Inc., common	292,837	304,299	
Allied Stores Corp., 5% preferred	4,103	5,003	
American-Hawaiian Steamship Co., common	69,100	69,600	
American Hide & Leather Co., 6% preferred	7,100	7,500	
American Home Products Corp., capital	3,001	3,157	
American Ice Co., 6% preferred	24,065	25,777	
American Viscose Corp., 5% cumulative preferred	1,745	1,646	(1)
Armour & Co. (Del.), 7% preferred	1,057	1,675	
Associates Investment Co., common	19,905	21,106	
5% cumulative preferred	9,464	13,983	
Atlantic Gulf & West Indies Steamship Lines, 5% pfd.	-----	1,100	
Atlas Corp., common	273,961	29,937	(2)
6% preferred	6,122	11,273	
Barnsdall Oil Co., common	29,500	32,800	(3)
Belding Heminway Co., common	54,632	55,032	
Borden Co. (The), capital	31,254	34,254	
Bucyrus-Erie Co., common	31,241	21,741	
7% preferred	10,907	11,061	
Case (J. I.) Co., preferred	3,235	3,535	
Century Ribbon Mills, Inc., 7% preferred	160	190	
Chicago Yellow Cab Co., Inc., capital	9,604	10,004	
Consolidated Oil Corp., common	13,500	34,800	
Crucible Steel Co. of America, 5% conv. preferred	5,000	7,300	
Cuban-American Sugar Co., The, 7% cumul. preferred	6,733	7,443	
5½% conv. preferred	13,588	14,388	
Davega Stores Corp., common	9,550	10,350	
Detroit Edison Co. (The), common	10,118	8,453	
Federated Department Stores, Inc., 4¼% conv. preferred	13,000	11,700	(4)
Firestone Tire & Rubber Co. (The), common	318,319	318,459	
6% cumulative A preferred	23,366	25,166	
Florsheim Shoe Co. (The), class A common	1,115	1,015	
Freuhauf Trailer Co., common	1,352	1,294	
5% convertible preferred	1,175	1,205	
Gaylord Container Corp., 5½% cumul. conv. preferred	-----	-----	(5)
General Motors Corp., common	247,640	3,726	(6)
General Shoe Corp., common	3,525	3,251	
Gillette Safety Razor Co., $5 conv. pref.	4,149	4,849	
Gimbel Brothers, Inc., $6 cumul. preferred	8,216	3,216	(7)
Goodyear Tire & Rubber Co. (The), $5 cum. conv. pref.	15,765	16,165	
Hanna (M. A.) Co., The, $5 cumulative preferred	100	140	
Household Finance Corp., common	7,497	10,483	
Insuranshares Certificates, Inc., common	-----	-----	(8)
Interlake Iron Corp., common	25,008	25,143	
International Mining Corp., common	500	-----	(9)
Jewel Tea Co., Inc., common	3,834	3,824	
Jones & Laughlin Steel Corp., common	63,253	65,958	
5% preferred B	25,301	26,383	
5% preferred A	25,301	26,383	
Madison Square Garden Corp., capital	19,800	20,800	
Mead Corp., The, $5.50 cumulative preferred B	2,913	1,842	(10)
$6 cumulative preferred A	450	350	(11)
Mohawk Carpet Mills, Inc., capital	15,600	19,100	
National Aviation Corp., capital	900	1,700	
National Department Stores Corp., 6% preferred	77,813	78,253	
Natomas Co., common	-----	-----	(12)
Plymouth Oil Co., common	7,700	9,900	
Radio Corp. of America, preferred B	-----	-----	(13)
Real Silk Hosiery Mills, Inc., 7% cumulative preferred	5,303	5,503	
Reliable Stores Corp., common	42,859	43,459	
Republic Steel Corp., 6% cumulative convertible preferred	483	3,507	
Safeway Stores, Inc., 5% cumulative preferred	2,014	3,252	
Schenley Distillers Corp., 5½% cumulative preferred	3,601	4,001	
Seaboard Oil Co. of Delaware, capital	15,300	16,300	
Sheaffer (W. A.) Pen Co., common	4,156	4,385	
Superheater Co., The, common	83,350	96,850	
Swift & Co., capital	78,005	77,967	
Transamerica Corp., capital	1,079,300	1,086,123	
United Fruit Co., common	5,000	5,300	
Vulcan Detinning Co. (The), 7% preferred	2,025	2,175	
White (The S. S.) Dental Mfg. Co., capital	1,283	1,338	

NOTES

(1) 900 shares retired; 800 shares acquired.
(2) 8,614 shares acquired; 252,638 shares retired.
(3) 5,100 shares acquired; 1,800 shares disposed of.
(4) 1,300 shares retired.
(5) 1,435 shares acquired and retired.
(6) 243,914 shares disposed of through operation of employee bonus plan.
(7) 5,000 shares retired.
(8) 2,300 shares acquired and retired.
(9) Retired.
(10) 703 shares acquired; 1,774 shares retired.
(11) 30 shares acquired; 130 shares retired.
(12) 7,200 shares acquired and retired.
(13) 800 shares acquired and retired.

The New York Curb Exchange issued on May 14, 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
Air Investors, Inc., convertible pref.	None	500
American General Corp., $2.50 div. ser. preferred	309	359
$2 div. ser. preferred	8,931	9,156
Common	356,644	356,656
American Writing Paper Corp, common	11,300	12,800
Art Metal Works, Inc., common	5,944	6,244
Blue Ridge Corp., $3 conv. pref.	2,465	2,915
Bourjois, Inc., common	7,775	None
Catalin Corp. of America, common	72	2
Cohn & Rosenberger, Inc., common	16,025	17,333
Cooper-Bessemer Corp., $3.00 prior pref.	700	1,000
Crown Central Petroleum Corp., common	570	573
Dejay Stores, Inc., common	8,486	8,986
Dennison Manufacturing Co., A common	10,588	10,447
Detroit Gasket & Mfg. Co., 6% preferred	13,516	11,866
Fuller (George A.) Co., common	51	212
Holt (Henry) & Co., Inc., participating A	20,800	20,884
Interstate Hosiery Mills, Inc., capital	6,545	6,945
Klein (D. Emil) Co., Inc., common	14,155	14,989
Knott Corp., common	8,058	8,358
Mangel Stores Corp., common	None	495
$5 convertible pref.	900	1,600
Merritt-Chapman & Scott Corp, 6½% A preferred	3,243	3,543
Michigan Bumper Corp., common	24,000	None
Midland Oil Corp., $2 convertible pref.	8,100	8,200
Mock, Judson, Voehringer Co., Inc., common	None	1,312
Monarch Machine Tool Co., common	6,000	None
Navarro Oil Co., common	14,746	11,809
Niagara Share Corp. of Maryland, A preferred	4,226	4,236
B common	139,081	139,281
Oilstocks, Ltd., capital	104	304
Seeman Brothers, Inc., common	19,700	20,000
Selected Industries, Inc., $5.50 div. prior stock	2,800	3,300
Seton Leather Co., common	6,200	7,500
Sterchi Bros. Stores, Inc., 6% first preferred	None	25
5% second preferred	None	50
Stroock (S.) & Co., Inc., capital	18,350	18,500
Trunz, Inc., common	16,434	16,444
Tung-Sol Lamp Works, Inc., 80-cent convertible pref.	28,129	37,129
Common	7,604	2,604
United Profit-Sharing Corp., common	314	315
Utility Equities Corp., $5.50 div. prior stock	8,590	8,790

Farmers May Defer Wheat Crop Insurance Payments

A deferred payment plan for the new three-year crop insurance contract offered wheat growers the first time this year was announced on May 25 by the Department of Agriculture. Payment of the premium in annual instalments (usually about harvest time) is permitted, thus obviating the need for an immediate cash outlay for the entire insurance period when the contract is signed, Leroy K. Smith, Manager of the Federal Crop Insurance Corporation, explained. He added:

> "Each instalment on the premium will be payable in wheat or the cash equivalent on or before the date each instalment payment is due. The dates instalments become due will vary from State to State. Generally, these due dates will be about harvest time.
>
> "If instalments are not paid when due, the insured grower, under terms of his contract, allows the Corporation to deduct the amount of the instalment from his indemnity, if any; from payments due him for cooperating in the national farm program; or from any commodity loan he might obtain under any loan programs administered by the Secretary of Agriculture."

The announcement adds:

> Growers may make one payment covering premium instalments for the first two of the three crop years embodied in the contract if they choose. The Corporation is not permitted by law to accept such payments for more than one year in advance. Collection of instalments is provided for by the commodity note, a part of the three-year contract.
>
> Although the contract specifies insurance protection against all unavoidable hazards such as drought, wind, flood, insects, and other similar hazards for three years, growers may cancel the last year of the insurance upon written notice to their local AAA committees on or before the final day for accepting contracts during the second year of the contract period. No one-year contract will be written on the 1943 wheat crop.

RFC To Assist Dealers In Rationed Articles

The Reconstruction Finance Corporation is prepared to buy from, or to make loans to, dealers in articles or commodities which have been rationed, it was announced on May 17 by Secretary of Commerce Jesse Jones. His announcement said:

> "The loans or purchases will be made on a basis which will enable dealers (a substantial part of whose business consisted in the handling of rationed articles or commodities) to secure for any such article or commodity an amount equal to its cost to such dealer to the extent that the cost is a reasonable one incurred in the ordinary course of business. A reasonable allowance for transportation costs, storage, servicing, insurance and carrying charges may be included in the loan or purchase price."

Inquiries and applications should be made to the RFC Loan Agency of the district in which the applicant is located.

Such purchases and loans will be made under the Act approved by President Roosevelt on May 11. This is the bill primarily designed to provide relief for dealers in automobiles, tires and such other articles as are rationed. It passed the Senate on April 27 and the House on April 28, as was indicated in these columns April 30, page 1712.

Treasury Amendment On War Bond Reissue

In making available on May 19 to banks in the New York Federal Reserve District copies of Second Amendment, dated April 20, 1942, to Treasury Department Circular No. 530, Fourth Revision, entitled Regulations Governing United States Savings Bonds, the Federal Reserve Banks of New York points out that it is the purpose of the amendment to provide:

(1) That a United States Savings Bond registered in the name of one person alone in his own right, or to which one person is shown to be entitled in his own right, upon appropriate request (Form PD 1762) by such person, may be reissued in the name of the owner together with that of another individual as coowner; and

(2) That a United States Savings Bond registered in the beneficiary form, upon appropriate request (Form PD 1762) by the registered owner, may be reissued with the name of the designated beneficiary as coowner.

Allan Sproul, President of the Reserve Bank, also says:

In addition, the Treasury Department has authorized this bank to add a beneficiary to a United States Savings Bond registered in the name of one person alone in his own right, upon the execution by such person of an appropriate request on Form PD 1077-A.

The Treasury Department has also advised this bank that a request (on Form PD 1762) to add a coowner in accordance with Section 315.11 (a) (4), or a request (on Form PD 1077-A) to add a beneficiary, may be signed by a minor who is of sufficient competency and understanding to request payment of the bond.

Reissues under the provisions referred to above may be made only at a Federal Reserve Bank or at the Treasury Department, Washington, D. C. Bonds submitted for reissue in accordance with such provisions will be returned by registered mail at the expense and risk of the owners, and postage sufficient to cover return postage and registry fees should accompany each request.

Copies of Form PD 1762 entitled "Request for Reissue of United States Savings Bonds to Add a Coowner or to Name Present Beneficiary as Coowner" and copies of Form PD 1077-A entitled "Request for Adding a Beneficiary to United States Savings Bond(s) Inscribed in One Name Alone" will be furnished upon request.

Activity In The Cotton Spinning Industry for April

The Bureau of the Census announced on May 20, that according to preliminary figures 24,073,448 cotton spinning spindles were in place in the United States on April 30, 1942, of which 23,100,202 were operated at some time during the month, compared with 23,096,479 for March, 23,077,722 for February, 23,077,352 for January, 23,063,112 for December, 23,069,146 for November, and 22,807,432 for April, 1941.

The aggregate number of active spindle hours reported for the month was 11,462,971,594. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during April 1942, at 135.3% capacity. This percentage compares, on the same basis, with 134.3% for March, 135.9% for February, 136.9% for January, 124.0% for December, 129.4% for November, and 120.1% for April, 1941. The average number of active spindle hours per spindle in place for the month was 476.

Revenue Freight Car Loadings During Week Ended May 16, 1942 Totaled 839,052 Cars

Loading of revenue freight for the week ended May 16, totaled 839,052 cars, the Association of American Railroads announced on May 21. The decrease below the corresponding week in 1941 was 21,750 cars or 2.5%, but the increase above the same week in 1940 was 159,987 cars or 23.6%.

Loading of revenue freight for the week of May 16 decreased 201 cars or 0.02% below the preceding week.

Miscellaneous freight loading totaled 378,175 cars, an increase of 3,741 cars above the preceding week, and an increase of 10,168 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 97,219 cars, a decrease of 1,214 cars below the preceding week, and a decrease of 65,280 cars below the corresponding week in 1941.

Coal loading amounted to 169,007 cars, an increase of 1,198 cars above the preceding week, and an increase of 21,554 cars above the corresponding week in 1941.

Grain and grain products loading totaled 34,964 cars a decrease of 181 cars below the preceding week, and a decrease of 3,941 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of May 16 totaled 22,016 cars an increase of 201 cars above the preceding week, but a decrease of 4,016 cars below the corresponding week in 1941.

Live stock loading amounted to 11,994 cars, an increase of 296 cars above the preceding week, but a decrease of 942 cars below the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of May 16 totaled 9,056 cars, an increase of 26 cars above the preceding week, but a decrease of 946 cars below the corresponding week in 1941.

Forest products loading totaled 49,854 cars, a decrease of 764 cars below the preceding week, but an increase of 8,512 cars above the corresponding week in 1941.

Ore loading amounted to 83,793 cars, a decrease of 3,007 cars below the preceding week, but an increase of 7,245 cars above the corresponding week in 1941.

Coke loading amounted to 14,046 cars, a decrease of 270 cars below the preceding week, but an increase of 934 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern, Allegheny, Northwestern and Central Western, but all districts reported increases over 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
Four weeks of April	3,351,038	2,793,630	2,495,212
Week of May 2	858,904	794,299	665,547
Week of May 9	839,253	837,149	680,628
Week of May 16	839,052	860,802	679,065
Total	16,040,732	14,672,865	12,690,982

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 16, 1942. During this period 61 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MAY 16

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	450	515	583	1,236	1,522
Bangor & Aroostook	1,779	1,924	1,587	320	304
Boston & Maine	6,117	8,603	7,048	15,495	13,809
Chicago, Indianapolis & Louisville	1,345	1,302	1,386	1,893	2,431
Central Indiana	24	16	22	60	61
Central Vermont	1,003	1,419	1,350	2,325	2,896
Delaware & Hudson	6,820	5,957	4,682	12,418	10,522
Delaware, Lackawanna & Western	7,991	9,640	8,969	10,252	8,877
Detroit & Mackinac	275	288	275	162	151
Detroit, Toledo & Ironton	1,976	3,259	2,114	1,376	1,265
Detroit & Toledo Shore Line	315	438	314	2,603	2,930
Erie	14,933	15,066	12,109	16,970	14,126
Grand Trunk Western	3,463	6,225	4,736	7,567	8,331
Lehigh & Hudson River	246	280	338	3,763	2,652
Lehigh & New England	2,166	1,949	1,822	2,080	1,510
Lehigh Valley	9,123	9,557	8,511	12,170	9,398
Maine Central	2,098	3,097	2,660	3,605	3,093
Monongahela	6,041	6,322	4,452	356	410
Montour	2,427	2,324	1,933	36	48
New York Central Lines	46,680	52,283	40,056	55,362	48,033
N. Y., N. H. & Hartford	9,912	12,165	9,285	20,774	16,414
New York, Ontario & Western	1,100	1,175	1,041	3,119	2,427
New York, Chicago & St. Louis	7,636	6,137	5,337	15,196	12,212
N. Y., Susquehanna & Western	418	479	350	1,506	1,750
Pittsburgh & Lake Erie	8,575	8,445	6,070	9,187	10,010
Pere Marquette	5,299	6,637	5,937	5,890	6,188
Pittsburgh & Shawmut	770	805	963	32	61
Pittsburgh, Shawmut & North	424	515	318	247	490
Pittsburgh & West Virginia	1,181	1,152	991	3,031	2,230
Rutland	389	642	619	1,109	1,251
Wabash	5,254	5,906	5,165	13,196	10,811
Wheeling & Lake Erie	5,202	5,522	4,586	4,673	3,955
Total	161,432	180,044	145,609	228,009	200,168
Allegheny District—					
Akron, Canton & Youngstown	704	672	513	1,000	998
Baltimore & Ohio	41,035	41,608	31,062	27,106	21,866
Bessemer & Lake Erie	7,242	6,807	5,228	2,504	2,285
Buffalo Creek & Gauley	*291	267	314	*1	4
Cambria & Indiana	1,960	2,019	985	11	20
Central R. R. of New Jersey	7,494	7,890	6,453	21,105	15,053
Cornwall	701	699	647	51	59
Cumberland & Pennsylvania	328	326	230	18	42
Ligonier Valley	144	97	94	45	21
Long Island	701	800	573	3,639	3,079
Penn-Reading Seashore Lines	1,537	1,627	1,145	2,526	1,790
Pennsylvania System	85,373	87,672	62,242	65,196	55,186
Reading Co.	14,887	16,156	13,031	28,901	22,677
Union (Pittsburgh)	21,210	19,833	15,291	7,294	6,533
Western Maryland	4,073	4,260	3,244	12,811	8,420
Total	187,680	190,733	141,052	172,208	138,033
Pocahontas District—					
Chesapeake & Ohio	29,849	28,648	23,657	14,266	12,736
Norfolk & Western	23,460	24,045	18,417	6,933	6,072
Virginian	4,581	5,094	3,670	2,222	1,847
Total	57,890	57,787	45,744	23,421	20,655

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Southern District—					
Alabama, Tennessee & Northern	399	356	263	348	217
Atl. & W. P.—W. R. R. of Ala.	743	847	702	2,452	1,769
Atlanta, Birmingham & Coast	818	786	668	1,330	873
Atlantic Coast Line	13,122	12,341	8,630	8,457	6,446
Central of Georgia	3,783	4,550	3,740	3,776	4,251
Charleston & Western Carolina	349	588	464	1,653	1,881
Clinchfield	1,761	1,895	1,318	2,846	2,846
Columbus & Greenville	326	311	258	165	299
Durham & Southern	200	214	150	1,200	408
Florida East Coast	1,850	1,082	1,849	920	1,073
Gainesville Midland	38	42	23	120	86
Georgia	1,088	1,171	1,103	2,350	1,962
Georgia & Florida	376	369	286	489	633
Gulf, Mobile & Ohio	4,035	3,795	3,377	3,279	3,105
Illinois Central System	27,236	23,015	19,500	15,170	14,295
Louisville & Nashville	27,182	26,352	22,779	9,396	7,387
Macon, Dublin & Savannah	164	153	146	721	894
Mississippi Central	156	158	110	494	353
Nashville, Chattanooga & St. L.	3,702	3,597	2,893	3,761	3,219
Norfolk Southern	1,530	1,212	1,051	2,121	1,076
Piedmont Northern	314	508	381	1,255	1,513
Richmond, Fred. & Potomac	535	466	312	11,006	6,574
Seaboard Air Line	11,553	10,903	9,312	8,859	5,819
Southern System	23,680	26,373	20,801	23,123	19,641
Tennessee Central	678	559	452	1,159	665
Winston-Salem Southbound	92	173	149	979	933
Total	125,710	121,816	100,717	107,429	88,218
Northwestern District—					
Chicago & North Western	21,391	22,651	17,779	12,837	11,784
Chicago Great Western	2,396	2,707	2,491	2,981	3,422
Chicago, Milw., St. P. & Pac.	18,508	21,766	18,356	9,383	8,445
Chicago, St. Paul, Minn. & Omaha	3,333	4,037	3,238	3,526	4,094
Duluth, Missabe & Iron Range	25,234	22,531	14,413	427	258
Duluth, South Shore & Atlantic	1,561	1,549	808	500	482
Elgin, Joliet & Eastern	10,426	10,752	7,537	9,603	8,997
Ft. Dodge, Des Moines & South	543	694	519	145	131
Great Northern	22,538	24,124	16,611	4,661	3,980
Green Bay & Western	539	671	530	694	695
Lake Superior & Ishpeming	3,523	3,114	2,362	67	77
Minneapolis & St. Louis	1,946	2,013	1,519	2,129	2,141
Minn., St. Paul & S. S. M.	6,671	7,940	6,177	3,108	2,744
Northern Pacific	10,204	9,995	9,643	4,543	4,285
Spokane International	147	178	158	349	343
Spokane, Portland & Seattle	2,561	2,514	1,801	3,270	1,987
Total	131,521	137,236	103,942	58,223	53,865
Central Western District—					
Atch., Top. & Santa Fe System	21,213	22,694	18,741	9,673	7,376
Alton	2,905	3,344	2,622	3,570	2,871
Bingham & Garfield	734	680	566	132	103
Chicago, Burlington & Quincy	14,628	16,475	13,153	9,579	9,298
Chicago & Illinois Midland	2,763	2,640	1,996	848	821
Chicago, Rock Island & Pacific	10,581	13,842	10,653	10,311	9,915
Chicago & Eastern Illinois	2,417	2,888	2,320	2,871	3,012
Colorado & Southern	784	724	610	1,705	1,702
Denver & Rio Grande Western	2,994	2,519	2,032	4,533	3,375
Denver & Salt Lake	564	336	338	14	27
Fort Worth & Denver City	1,019	1,596	1,100	1,021	1,042
Illinois Terminal	1,894	1,868	1,642	2,193	1,828
Missouri-Illinois	1,333	1,081	927	461	431
Nevada Northern	2,004	2,026	1,534	118	104
North Western Pacific	1,086	842	731	455	420
Peoria & Pekin Union	18	7	14	0	0
Southern Pacific (Pacific)	28,650	28,190	24,330	9,328	6,498
Toledo, Peoria & Western	286	295	284	1,415	1,491
Union Pacific System	11,912	14,534	11,924	12,143	10,487
Utah	531	224	192	5	3
Western Pacific	1,834	1,592	1,474	3,655	2,713
Total	110,159	118,397	97,183	74,030	63,517
Southwestern District—					
Burlington-Rock Island	160	213	154	165	291
Gulf Coast Lines	5,334	3,380	2,596	2,809	1,715
International-Great Northern	2,862	2,176	1,632	2,855	3,024
Kansas, Oklahoma & Gulf	218	205	292	1,147	861
Kansas City Southern	5,537	2,384	1,823	2,216	2,527
Louisiana & Arkansas	3,279	2,376	1,847	2,213	1,912
Litchfield & Madison	336	310	334	1,008	985
Midland Valley	676	419	407	243	270
Missouri & Arkansas	176	220	207	383	310
Missouri-Kansas-Texas Lines	4,603	4,552	3,903	4,195	3,419
Missouri Pacific	15,436	15,001	12,357	16,457	11,075
Quanah Acme & Pacific	114	115	76	174	170
St. Louis-San Francisco	8,505	8,494	6,430	7,321	5,495
St. Louis Southwestern	2,929	2,676	2,212	6,090	3,042
Texas & New Orleans	9,823	7,757	6,463	4,155	3,960
Texas & Pacific	4,492	4,329	3,879	6,988	5,024
Wichita Falls & Southern	148	164	188	50	72
Weatherford M. W. & N. W.	32	18	18	38	38
Total	64,660	54,789	44,818	58,507	44,190

*Previous week's figure.
Note—Previous year's figures revised.

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*
1942—Week Ended—					
Feb. 7	162,894	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	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98

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.

Retirement Benefits Showed Decline In 1941

The number of workers who were awarded monthly retirement benefits under the Federal old-age and survivors insurance system during 1941 was 13% less than in 1940, Federal Security Administrator Paul V. McNutt said on May 21. In 1940, awards to workers past 65 totaled 132,335, as compared with 114,660 in 1941. The advices from the Federal Security Agency of the Social Security Board, added:

Mr. McNutt attributed this decrease in part to greater employment opportunities for older workers as a result of defense production. He explained that each year for a number of years there normally should be an increase in the number receiving each type of monthly benefits, and stated that awards of all types of benefits except those to workers past 65 had increased in 1941. These include monthly benefits for aged wives of retired workers, widows with young children, aged widows, children and parents of deceased workers, and lump-sum death payments which are made when no member of the deceased worker's family is qualified to receive monthly benefits immediately.

The Administrator said that according to estimates of the Social Security Board's Bureau of Old-Age and Survivors Insurance, the number of workers past 65 who have had sufficient employment and wages to be entitled to monthly benefits but have failed to apply for them is several times more than the number now on the benefit rolls. "Many of these," he said, "are receiving higher wages than formerly because of the current demand for experienced workers. In such cases the amount of their monthly payments will be greater when they do apply for benefits. Those working at lower wages should consult their local social security offices to determine whether it would be to their advantage to send in their applications for benefits now even though they intend to keep on working and will not start drawing benefits until later."

During 1941, awards of lump-sum death payments amounting to $13,229,525 were made to 117,303 persons. Awards of monthly benefits by type of beneficiary and amounts are shown below:

	Number of awards	Amount of benefits per month
Retired workers	114,660	$2,604,740
Aged wives of retired workers	36,213	435,605
Widows with young children	30,502	591,336
Aged Widows	11,020	222,410
Children	75,619	919,224
Parents	1,272	16,406

Bank Loans For War Production Increase

Loans made by commercial banks to finance the production of orders for war goods increased $891,000,000 during the first quarter of 1942, according to the quarterly survey of war lending activity of the American Bankers Association, covering 500 of the country's larger banks, released for publication on May 25. The Association also states:

The survey showed that 406 reporting banks in 159 cities had war production loans totaling $3,120,486,260 outstanding on March 31, an increase of $891,196,800 over the total on Dec. 31. This compares with an increase of $460,000,000 during the previous quarter ended Dec. 31.

The ABA report is based on a high-spotting survey of 500 of the country's larger banks, 406 of which reported these figures. The 406 banks reported loans and commitments for supplies and equipment totaling $1,641,827,768, and for new plant facilities and construction, $895,679,751. For working capital loans arising out of operations of customers contributing indirectly to war production, the banks reported $562,015,741. Miscellaneous loans for war production purposes totaled $20,963,000.

Daily Average Crude Oil Production For Week Ended May 16, 1942, Off 60,450 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 16, 1942 was 3,483,900 barrels, a decrease of 60,450 barrels as compared with the preceding week and 300,550 barrels below the daily average for the week ended May 17, 1941. The current figure, however, was 9,400 barrels higher than the daily average for the month of May as recommended by the Office of Petroleum Coordinator. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis 3,484,000 barrels of crude oil daily during the week ended May 16, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 99,134,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,945,000 barrels during the week ended May 16, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	a O.P.C. Recommendations May	a State Allowables Beginning May 1	Actual Production— Week Ended May 16 1942	Change From Previous Week	4 Weeks Ended May 16 1942	Week Ended May 17 1941
Oklahoma	438,500	438,500	b388,000	— 10,950	398,100	415,750
Kansas	259,300	259,300	b 261,750	+ 18,800	253,300	218,200
Nebraska	4,500	------	b 4,000	+ 250	3,900	4,350
Panhandle Texas			80,350	— 1,830	82,750	78,500
North Texas			148,300	+ 3,400	150,650	129,250
West Texas			190,500	+ 4,300	176,750	256,900
East Central Texas			78,800	— 450	77,850	78,000
East Texas			225,950	+ 50	206,050	373,700
Southwest Texas			134,200	+ 6,750	133,250	210,150
Coastal Texas			209,400	— 20,550	212,300	276,800
Total Texas	960,000	c1,155,000	1,067,500	— 8,350	1,039,600	1,403,300
North Louisiana			83,800	+ 2,050	81,250	72,800
Coastal Louisiana			219,800	— 9,500	230,350	242,500
Total Louisiana	298,600	321,100	303,600	— 7,450	311,600	315,300
Arkansas	74,000	72,191	71,250	+ 150	72,350	72,700
Mississippi	48,100		b87,450	— 2,450	90,850	28,000
Illinois	329,200		276,750	— 37,950	296,350	325,700
Indiana	17,900		b 19,800	— 3,750	20,700	19,750
Eastern (not incl. Ill. & Ind.)	105,400		99,400	+ 2,500	99,550	90,350
Michigan	60,500		66,700	+ 2,600	63,700	38,400
Wyoming	98,300		90,650	— 3,850	92,400	81,350
Montana	25,200		21,600	— 100	21,600	18,900
Colorado	7,900		7,500	+ 700	6,200	3,700
New Mexico	73,300	73,300	70,750	------	73,650	112,700
Total East of Calif.	2,800,700		2,836,700	— 49,850	2,843,850	3,148,450
California	673,800	d673,800	647,200	— 10,600	642,300	636,000
Total United States	3,474,500		3,483,900	— 60,450	3,486,150	3,784,450

a O. P. C. recommendations and State allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in February, 1942, as follows: Oklahoma, 29,800; Kansas, 6,000; Texas, 112,700; Louisiana, 20,800; Arkansas, 2,300; New Mexico, 5,600; California, 42,600; other States, 21,900.

b Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. May 13.

c This is the estimated net basic 10-day allowable as of May 1. Some fields whose oil was considered necessary for the war effort were exempted from any shutdown. For the same reason several other fields were ordered shut down on on May 3, 9 and 10 only. The remainder of the State was ordered shut down on May 2, 3, 4, 8, 9, and 10. The current order did not become effective until the 16th. It is assumed that the 4 day a week shutdown basis of the previous order applied during the intervening period.

d Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED MAY 16, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	eStocks of Gas Oil and Distillate Fuels	eStocks of Residual Fuel Oil
			Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,511	63.4	4,928	45,169	14,215	16,203
Appalachian	174	84.5	159	91.4	497	3,927	444	632
Ind., Ill., Ky.	784	84.9	743	94.8	2,361	20,635	2,883	3,280
Okla., Kansas, Mo.	418	81.1	362	86.6	1,237	9,637	844	1,553
Rocky Mountain	138	50.7	87	63.0	297	2,474	320	523
California	787	90.9	622	79.0	1,625	17,292	11,500	56,635
Tot. U. S. B. of M. basis May 16, 1942	4,684	86.9	3,484	74.4	10,945	a99,134	30,206	78,826
Tot. U. S. B. of M. basis May 9, 1942	4,684	86.9	3,406	72.7	10,658	100,650	29,947	80,155
U. S. Bur. of Mines basis May 17, 1941			3,860	---	12,885	94,286	33,657	92,020

a Finished, 91,492,000 barrels; unfinished, 7,642,000 barrels. *e* At refineries, at bulk terminals, in transit, and in pipe lines.

*At the request of the Office of the Petroleum Coordinator.

Gross And Net Earnings Of United States Railroads For The Month Of March

The United States railroads are obliged to handle freight and passenger traffic in ever larger quantities as the war production schedules are increased and the ranks of the country's armed forces are swelled. It is therefore no surprise to find that the gross and net earnings for the month of March exceed those reached in March in any previous year.

While it is expected that the heavy war traffic will continue, a question arises as to how the railroads are to be affected by gasoline rationing. No doubt a good number of people will use railroads in place of cars to reach their summer vacation places, but then again, many will not be able to, as there will be no means of transportation from railroad stations to their favorite sites. Means also would have to be found, by those who settle in places remote from towns and cities, to obtain their daily food and other supplies. It has also been suggested that unnecessary rail travel should be restricted. What the net result is going to be remains to be seen.

The statistics of earnings for the month of March reflect the higher passenger fare charges as well as some additional revenue from the freight rate increase which went into effect on March 18.

Gross revenues of the railroads for March, 1942, amounted to $540,299,056, against $415,525,798, an increase of $124,773,258 or 30.03%. Higher wage scales as well as other increased operating expenses absorbed a good part of the added gross but efficient management enabled the railroads to increase their net earnings to $180,204,500, last March from $132,899,824 in March, 1941, a gain of $47,304,676, or 35.59%. We now present the March results in tabular form:

Month of March—	1942	1941	Incr. (+) or Decr. (—)	%
Mileage of 132 roads	231,575	232,297	— 722	—00.31
Gross earnings	$540,299,056	$415,525,798	+ $124,773,258	+30.03
Operating expenses	360,094,556	282,625,974	+ 77,468,582	+27.41
Ratio of expenses to earnings	(66.65)	(68.02)		
Net earnings	$180,204,500	$132,899,824	+ $47,304,676	+35.59

Since the trend of business underlies the general financial statistics of the railroads' operations, we now turn our attention to the activity of the various vital factors responsible for the $124,773,258 increase in railroad operations for the month of March, 1942, in comparison with March of the previous year. Building construction showed an increase of 27.3%; anthracite rose to 5,085,000 net tons, an increase of 10.7%; pig iron output rose 8.7% to 5,113,187 net tons; and steel ingot production recorded an increase of 3.8% over March, 1941, previously the greatest for a month on record, to 7,392,911 net tons. As a result of the restrictions placed on the automobile industry, automobile production followed the previous month's precedent with a decreased production of only 94,510 units. March 1942's production was only 18.6% of March of the previous year.

In the subjoined table we have brought together the more important business statistics for the month of March last in comparison with the same period for the years 1941, 1940, 1932, and 1929:

March—	1942	1941	1940	1932	1929
Automobiles (units):					
*Production (passenger cars, trucks, etc.)	94,510	507,834	423,620	119,344	585,455
Building ($000):					
†Constr. contracts awarded	$610,799	$479,903	$272,178	$112,235	$484,818
Coal (net tons):					
‡Bituminous	47,400,000	47,996,000	35,244,000	32,250,000	40,068,000
§Pennsylvania anthracite	5,085,000	4,595,000	3,773,000	4,789,000	4,859,000
Freight Traffic:					
¶Carloadings, all (cars)	x3,171,439	x3,066,011	x2,489,280	x2,280,837	x3,837,736
††Livestock receipts:					
Chicago (cars)	5,936	5,964	6,271	11,954	16,762
Kansas City (cars)	3,498	2,227	2,121	4,813	7,116
Omaha (cars)	2,381	1,835	1,760	4,135	6,298
‡‡Western flour and grain receipts:					
Flour (000 barrels)	x1,725	x1,746	x1,639	x1,453	x1,785
Wheat (000 bushels)	x17,650	x12,791	x21,416	x13,271	x24,419
Corn (000 bushels)	x23,016	x17,499	x10,959	x10,488	x20,125
Oats (000 bushels)	x4,890	x5,483	x5,428	x4,185	x7,815
Barley (000) bushels)	x6,117	x6,728	x5,032	x2,194	x3,401
Rye (000 bushels)	x1,390	x939	x1,449	x576	x992
Iron and Steel (net tons):					
**Pig iron production	5,113,187	4,704,135	3,270,499	1,160,682	4,457,368
§§Steel ingot production	7,392,911	7,124,003	4,390,090	1,605,337	5,676,357
Lumber (000 feet):					
¶¶Production	x943,853	x977,312	x850,977	x408,573	x1,468,743
¶¶Shipments	x1,067,691	x1,025,531	x899,791	x547,167	x1,562,519
¶¶Orders received	x1,109,621	x1,127,628	x913,150	x552,873	x1,638,245

Note—Figures in above table issued by: *U. S. Bureau of the Census. †F. W. Dodge Corp. (figures for 37 States east of Rocky Mountains). ‡National Bituminous Coal Commission. §U. S. Bureau of Mines. ¶Association of American Railroads. ††Reported by major stock yard companies in each city. ‡‡New York Produce Exchange. **"Iron Age." §§American Iron and Steel Institute. ¶¶National Lumber Manufacturers' Association (number of reporting mills varies in different years). x Four weeks.

No less than 74 and 58 roads were able to show major respective increases in gross and net over March, 1941. The Pennsylvania repeated its last year's performance by again heading the gross listing with an increase of $13,943,282 and placing third in net with an increase of $2,952,388. The Southern Pacific was runner-up in both gross and net with increases of $12,832,203 and $5,501,945 respectively.

While the Chesapeake & Ohio showed a minor increase of $25,589 in gross and a decrease of $1,052,929 in the net classification, it is interesting to note that in contrast the New York Connecting showed a decrease of $126,597 in gross, and only a minor decrease of $30,673 in the net category.

In the following table we list all the major changes of $100,000 or more, whether increases or decreases, in both the gross and net clasisfications:

PRINCIPAL CHANGES IN GROSS EARNINGS FOR THE MONTH OF MARCH

	Increase
Pennsylvania	$13,943,282
South Pacific (2 roads)	12,832,203
Atchison Topeka & Santa Fe	8,607,220
New York Central	*7,792,968
Union Pacific	6,783,445
Baltimore & Ohio	5,650,399
Southern	3,274,345
Illinois Central	3,233,563
Missouri Pacific	3,230,896
New York New Hav. & Hart.	3,146,717
Great Northern	3,046,201
Atlantic Coast Line	2,830,452
Chicago Burlington & Quincy	2,651,711
Chic. Milwaukee St. P. & Pac.	2,646,814
Northern Pacific	2,356,657
Seaboard Air Line	2,303,526
Chicago & North Western	2,274,328
Louisville & Nashville	2,204,900
Chic. Rock Island & Pacific	2,034,424
New York Chic. & St. Louis	1,937,715
Erie	1,874,279
Boston & Maine	1,689,052
Reading	1,620,194
St. Louis-San Fran. (2 rds.)	1,449,758
St. Louis Southwestern	1,445,535
Delaware & Hudson	1,229,038
Lehigh Valley	1,220,414
Missouri-Kansas-Texas	1,217,536
Denver & Rio Grande West.	1,180,788
Yazoo & Mississippi Valley	1,150,557
N. Orl. Tex. & Mex. (3 rds.)	1,056,445
Western Pacific	1,036,745
Central of New Jersey	945,518
Minn. St. Paul & S. S. Marie	913,578
Texas & Pacific	885,634
Kansas City Southern	854,979
Rich. Fredericksb'g & Pot.	798,172
Del. Lack. & Western	795,306
Wabash	702,534

	Increase
Alton	$612,237
Alabama Great Southern	585,706
Cinn. N. O & Tex. Pacific	584,094
Duluth Missabe & Iron Range	546,761
Spokane Portland & Seattle	541,473
Long Island	470,131
Colorado & Southern (2 rds.)	402,446
New Orleans & Northeastern	402,319
International Great Northern	393,053
Central of Georgia	383,049
Nashville Chatt. & St. Louis	363,295
Chic. St. P. Minn. & Omaha	355,056
Chicago Great Western	320,139
Minneapolis & St. Louis	317,973
Florida East Coast	309,462
Maine Central	296,914
Western Maryland	295,617
Gulf Mobile & Ohio	280,438
Norfolk & Western	255,789
Georgia	237,670
Louisiana & Arkansas	231,364
Elgin Joliet & Eastern	198,781
Pittsburgh & Lake Erie	197,411
Norfolk & Southern	134,086
Lake Superior & Ishpeming	132,129
Penn Reading Seashore Lines	130,254
Lehigh & Hudson River	122,923
Western Ry. of Alabama	113,739
Canadian Nat. Lines in N. E.	102,099
Illinois Terminal	101,672
Total (74 roads)	$124,265,908

	Decrease
Grand Trunk Western	$427,190
Virginian	170,258
New York Connecting	126,597
Total (3 roads)	$724,045

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $7,990,379.

PRINCIPAL CHANGES IN NET EARNINGS FOR THE MONTH OF MARCH

	Increase		Increase
Atchison Topeka & Santa Fe	$6,041,925	Kansas City Southern	$433,980
Southern Pacific (2 roads)	5,501,945	Lehigh Valley	392,158
Pennsylvania	2,952,388	Delaware Lack. & Western	372,711
Union Pacific	2,295,671	Spokane Portland & Seattle	351,967
Baltimore & Ohio	1,964,706	Wabash	345,761
Chicago Burlington & Quincy	1,858,588	Alabama Great Southern	339,040
New York New Hav & Hart.	1,704,497	Cinn. N. O. & Texas Pacific	280,285
Missouri Pacific	1,573,337	Texas & Pacific	274,317
Atlantic Coast Line	1,543,632	New Orleans & Northeastern	236,600
New York Central	*1,473,582	Minneapolis & St. Louis	228,117
Great Northern	1,459,922	Duluth Missabe & Iron Range	226,438
Southern	1,036,259	Colorado Southern (2 roads)	197,561
Illinois Central	1,083,103	Florida East Coast	168,131
Seaboard Air Line	1,081,181	Internat. Great Northern	155,067
New York Chic. & St. Louis	988,110	Chic. St. P. Minn. & Omaha	152,825
St. Louis Southwestern	883,682	Central of Georgia	145,981
Erie	856,952	Georgia	139,809
Yazoo & Mississippi Valley	822,247	Chicago Great Western	136,579
Chicago & North Western	816,387	Alton	133,961
Louisville & Nashville	807,672		
Boston & Maine	786,570	Total (58 roads)	$49,927,627
Chicago Rock Island & Pac.	743,861		
N. O. Tex. & Mex. (3 rds.)	702,192		Decrease
Denver & Rio Grande West.	660,454	Chesapeake & Ohio	$1,052,929
Northern Pacific	655,326	Grand Trunk Western	564,564
Delaware & Hudson	634,200	Bessemer & Lake Erie	304,484
Reading	586,869	Pere Marquette	286,971
Missouri-Kansas-Texas	560,282	Norfolk & Western	262,336
St. Louis-San Fran. (2 rds.)	555,126	Virginian	225,546
Richmond Fred. & Potomac	547,693	Elgin Joliet & Eastern	179,747
Chic. Milwaukee St. P & Pac.	538,289	Detroit Toledo & Ironton	169,852
Western Pacific	522,061	Chicago & Eastern Illinois	141,118
Minn. St. Paul & S. S. Marie	469,194		
Central of New Jersey	448,436	Total (9 roads)	$3,187,547

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $1,481,988.

The consolidation of the separate roads on a geographical basis into districts and regions indicates that all regions with the exception of the Pocahontas region recorded increases in both gross and net.

The Western District was first in gross with a gain of 42.85% and also led the net category with an even greater increase of 72.15% over March, 1941. The Eastern District and Southern District followed in that order in both gross and net.

The Central Western region showed the greatest percentage gain, 81.86%, while the Pocahontas showed the only decrease, 7.37%, both of these being in the net listing.

We now present our summary by districts and regions. As revealed in the footnote below the following table, our grouping conforms with the classification of the Interstate Commerce Commission:

SUMMARY BY GROUPS

District and Region Month of March	Gross Earnings 1942 $	1941 $	Incr. (+) or Decr. (—) $	%
Eastern District—				
New England region (10 roads)	22,458,859	17,253,805	+ 5,205,054	+30.17
Great Lakes region (23 roads)	95,240,821	79,569,665	+ 15,671,156	+19.69
Central Eastern region (18 roads)	113,988,453	90,542,359	+ 23,446,094	+25.90
Total (51 roads)	231,688,133	187,365,829	+ 44,322,304	+23.66
Southern District—				
Southern region (26 roads)	77,397,785	58,681,859	+ 18,715,926	+31.89
Pocahontas region (4 roads)	28,433,847	27,524,555	+ 909,292	+ 3.30
Total (30 roads)	105,831,632	86,206,414	+ 19,625,218	+22.77
Western District—				
Northwestern region (15 roads)	53,055,452	39,421,012	+ 13,634,440	+34.59
Central Western region (16 roads)	105,176,503	71,908,095	+ 33,268,403	+46.27
Southwestern region (20 roads)	44,547,336	30,624,448	+ 13,922,888	+45.46
Total (51 roads)	202,779,291	141,953,555	+ 60,825,736	+42.85
Total all districts (132 roads)	540,299,056	415,525,798	+124,773,258	+30.03

District and Region Month of March	Mileage 1942	1941	Net Earnings 1942 $	1941 $	Incr. (+) or Decr. (—) $	%
Eastern District—						
New England region	6,644	6,694	8,288,703	5,779,791	+ 2,508,912	+43.41
Great Lakes region	26,023	26,065	30,252,173	26,044,795	+ 4,207,378	+16.15
Central East. region	24,269	24,485	32,701,084	27,332,517	+ 5,368,567	+19.64
Total	56,936	57,244	71,241,960	59,157,103	+12,084,857	+20.34
Southern District—						
Southern region	37,821	38,142	28,586,077	20,830,218	+ 7,755,859	+37.23
Pocahontas region	6,076	6,076	12,475,535	13,468,653	— 993,118	— 7.37
Total	43,897	44,218	41,061,612	34,298,871	+ 6,762,741	+19.72
Western District—						
Northwestern region	45,618	45,526	15,359,025	10,153,341	+ 5,205,684	+51.27
Central West. region	56,099	56,249	35,725,833	19,644,787	+16,081,046	+81.86
Southwestern region	29,025	29,060	16,816,070	9,645,722	+ 7,170,348	+74.34
Total	130,742	130,835	67,900,928	39,443,850	+28,457,078	+72.15
Total all districts	231,575	232,297	180,204,500	132,899,824	+47,304,676	+35.59

Note—Our grouping of the roads conforms to the classification of the Interstate Commerce Commission, and the following indicates the confines of the different groups and regions:

EASTERN DISTRICT

New England Region—Comprises the New England States.

Great Lakes Region—Comprises the section on the Canadian boundary between New England and the westerly shore of Lake Michigan to Chicago, and north of a line from Chicago via Pittsburgh to New York.

Central Eastern Region—Comprises the section south of the Great Lakes Region east of a line from Chicago through Peoria to St. Louis and the Mississippi River to the mouth of the Ohio River, and north of the Ohio River to Parkersburg, W. Va., and a line thence to the southwestern corner of Maryland and by the Potomac River to its mouth.

SOUTHERN DISTRICT

Southern Region—Comprises the section east of the Mississippi River and south of the Ohio River to a point near Kenova, W. Va., and a line thence following the eastern boundary of Kentucky and the southern boundary of Virginia to the Atlantic.

Pocahontas Region—Comprises the section north of the southern boundary of Virginia, east of Kentucky and the Ohio River north to Parkersburg, W. Va., and south of a line from Parkersburg to the southwestern corner of Maryland and thence by the Potomac River to its mouth.

WESTERN DISTRICT

Northwestern Region—Comprises the section adjoining Canada lying west of the Great Lakes Region, north of a line from Chicago to Omaha and thence to Portland, and by the Columbia River to the Pacific.

Central Western Region—Comprises the section south of the Northwestern Region west of a line from Chicago to Peoria and thence to St. Louis, and north of a line from St. Louis to Kansas City and thence to El Paso and by the Mexican boundary to the Pacific.

Southwestern Region—Comprises the section lying between the Mississippi River south of St. Louis and a line from St. Louis to Kansas City and thence to El Paso, and by the Rio Grande to the Gulf of Mexico.

The aggregate Western grain movement for March, 1942, exceeded the previous March's receipts by 9,623,000 bushels. Although minor decreases were shown in oats and barley, these were more than offset by increases of 4,859,000 and 5,517,000 bushels in wheat and corn respectively. The flour movement showed a slight decrease of 21,000 barrels.

In the following table we give the month of March and cumulative details of the Western grain movement in our usual form:

WESTERN FLOUR AND GRAIN RECEIPTS
Four Weeks Ended March 28

(000) Omitted	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	935	527	6,134	1,042	248	944
	1941	805	732	8,104	1,264	48	1,019
Minneapolis	1942	---	7,394	1,915	1,960	753	2,391
	1941	---	4,216	1,020	1,491	662	2,645
Duluth	1942	---	2,858	590	---	98	154
	1941	---	942	338	55	21	258
Milwaukee	1942	58	66	724	25	29	2,014
	1941	72	22	820	48	18	2,230
Toledo	1942	---	1,007	836	202	38	4
	1941	---	1,165	410	1,404	15	6
Indianapolis & Omaha	1942	---	924	4,131	774	39	---
	1941	---	788	2,769	506	8	19
St. Louis	1942	524	664	1,832	338	83	222
	1941	586	847	1,065	224	83	167
Peoria	1942	144	78	3,544	108	88	281
	1941	187	218	1,981	235	82	272
Kansas City	1942	64	3,186	2,604	218	---	---
	1941	96	2,681	792	92	---	---
St. Joseph	1942	---	236	383	148	---	---
	1941	---	175	117	132	---	---
Wichita	1942	---	664	---	---	---	---
	1941	---	849	---	---	---	---
Sioux City	1942	---	46	323	75	14	107
	1941	---	156	83	32	2	112
Total all	1942	1,725	17,650	23,016	4,890	1,390	6,117
	1941	1,746	12,791	17,499	5,483	939	6,728

WESTERN FLOUR AND GRAIN RECEIPTS
Three Months Ended March 28

(000) Omitted	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	2,928	1,971	24,136	4,261	989	3,542
	1941	2,505	2,359	21,426	2,988	110	3,374
Minneapolis	1942	---	24,082	6,598	8,262	3,335	10,727
	1941	---	9,560	2,407	4,112	1,464	8,671
Duluth	1942	---	7,817	2,140	56	660	1,044
	1941	---	2,619	539	198	75	512
Milwaukee	1942	217	131	2,729	85	314	6,652
	1941	224	95	2,364	105	134	4,995
Toledo	1942	---	1,804	2,977	859	39	46
	1941	---	1,893	1,075	1,824	20	19
Indianapolis & Omaha	1942	---	3,358	14,974	2,830	138	30
	1941	---	1,737	8,884	1,220	32	27
St. Louis	1942	1,835	2,737	6,478	886	503	682
	1941	1,890	2,978	2,570	732	121	422
Peoria	1942	503	421	11,894	422	275	855
	1941	609	723	7,007	472	262	885
Kansas City	1942	176	10,435	10,470	626	---	---
	1941	275	5,499	2,177	334	---	---
St. Joseph	1942	---	801	1,312	826	---	---
	1941	---	334	550	508	---	---
Wichita	1942	---	2,964	---	---	---	---
	1941	---	3,193	---	---	---	---
Sioux City	1942	---	306	1,355	255	52	448
	1941	---	356	392	116	11	360
Total all	1942	5,659	56,827	85,063	19,368	6,305	24,026
	1941	5,503	31,346	49,391	12,609	2,229	19,265

In the following we furnish a summary of the March comparisons of the gross and net earnings of the railroads of the country from the current year back to and including 1909:

Month of March	Gross Earnings Year Given	Year Preceding	Inc. (+) or Dec. (—)	%	Mileage Year Given	Year Preced'g
1909	$205,700,013	$183,509,935	+$22,190,078	+12.09	223,563	220,421
1910	238,725,772	205,838,332	+ 32,887,440	+15.98	230,263	226,965
1911	227,564,915	238,829,705	— 11,264,790	— 4.72	237,735	234,258
1912	237,564,332	224,608,654	+ 12,955,678	+ 5.77	238,218	234,692
1913	249,230,551	238,634,712	+ 10,595,839	+ 4.44	240,510	237,295
1914	250,174,257	249,514,091	+ 660,166	+ 0.26	245,200	243,184
1915	238,157,881	253,352,099	— 15,194,218	— 6.00	246,848	243,598
1916	296,830,406	238,098,843	+ 58,731,563	+24.67	247,363	246,548
1917	321,317,560	294,068,345	+ 27,249,215	+ 9.27	248,185	247,317
1918	362,761,238	312,276,881	+ 50,484,357	+16.17	230,336	228,835
1919	375,772,750	365,096,335	+ 10,676,415	+ 2.92	226,086	225,631
1920	408,582,467	347,090,277	+ 61,492,190	+17.72	213,434	212,770
1921	456,978,940	458,462,330	— 1,483,390	— 0.32	234,832	233,389
1922	473,433,886	457,374,460	+ 16,059,426	+ 3.51	234,986	234,202
1923	533,553,199	473,747,009	+ 59,806,190	+12.62	235,424	235,470
1924	504,016,114	534,644,454	— 30,628,340	— 5.73	235,715	236,520
1925	485,498,143	504,362,976	— 18,864,833	— 3.74	236,559	236,048
1926	528,905,183	485,236,559	+ 43,668,624	+ 9.00	236,774	236,500
1927	529,899,898	529,467,282	+ 432,616	+ 0.08	237,804	236,948
1928	504,233,099	530,643,758	— 26,410,659	— 4.98	239,649	238,729
1929	516,134,027	505,249,550	+ 10,884,477	+ 2.15	241,115	240,427
1930	452,024,463	516,620,259	— 64,595,796	—12.50	242,325	241,964
1931	375,588,844	452,261,696	— 76,672,852	—16.95	242,566	242,421
1932	289,633,741	375,617,147	— 85,983,406	—22.89	241,996	241,974
1933	219,857,606	288,880,547	— 69,022,941	—23.89	240,911	241,489
1934	292,775,785	217,773,265	+ 75,002,520	+34.44	239,228	241,194
1935	280,492,018	292,798,746	— 12,306,728	— 4.20	238,011	239,246
1936	307,833,663	280,484,056	+ 27,349,607	+ 9.75	237,054	238,226
1937	377,085,227	307,749,980	+ 69,335,247	+22.53	236,158	236,607
1938	282,571,467	376,997,755	— 94,426,288	—25.04	234,828	235,829
1939	314,460,087	282,514,278	+ 31,945,809	+11.31	233,659	234,761
1940	326,243,592	314,460,087	+ 11,783,505	+ 3.75	232,976	233,617
1941	415,525,798	326,366,143	+ 89,159,655	+27.31	232,300	233,020
1942	540,299,056	415,525,798	+124,773,258	+30.03	231,575	232,297

Month of March	Net Earnings Year Given	Year Preceding	Increase (+) or Decrease (—)	%
1909	$69,613,713	$55,309,871	+$14,303,842	+25.86
1910	78,322,811	69,658,705	+ 8,664,106	+12.44
1911	69,209,357	78,357,486	— 9,048,129	—11.67
1912	69,038,987	68,190,493	+ 848,494	+ 1.24
1913	64,893,146	69,168,291	— 4,275,145	— 6.18
1914	67,993,951	64,889,423	+ 3,104,528	+ 4.78
1915	68,452,432	67,452,082	+ 1,000,350	+ 1.48
1916	97,771,590	68,392,963	+ 29,378,627	+42.96
1917	88,807,466	96,718,706	— 7,911,240	— 8.18
1918	82,561,336	87,309,806	— 4,748,470	— 5.44
1919	29,596,482	82,011,451	— 52,414,969	—63.91
1920	40,872,775	27,202,867	+ 13,669,908	+50.25
1921	58,538,958	39,882,642	+ 18,656,316	+46.78
1922	113,468,843	58,831,644	+ 54,637,199	+92.87
1923	117,117,122	113,697,798	+ 3,419,324	+ 3.01
1924	114,754,514	117,668,590	— 2,914,076	— 2.48
1925	109,230,086	114,677,751	— 5,447,665	— 4.75
1926	133,642,754	109,081,102	+ 24,561,652	+22.52
1927	135,691,649	134,064,291	+ 1,627,358	+ 1.21
1928	131,840,275	135,874,542	— 4,034,267	— 2.97
1929	139,639,086	132,122,686	+ 7,516,400	+ 5.69
1930	101,494,027	139,756,091	— 38,262,064	—27.38
1931	84,648,242	101,541,509	— 16,893,267	—16.64
1932	67,670,702	84,706,410	— 17,035,708	—20.11
1933	43,100,029	68,356,042	— 25,256,013	—36.95
1934	83,939,285	42,447,013	+ 41,492,272	+97.75
1935	67,659,321	83,942,886	— 16,283,565	—19.40
1936	71,711,908	68,205,090	+ 3,506,818	+ 5.14
1937	111,515,431	71,708,880	+ 39,806,551	+55.51
1938	54,102,703	111,501,626	— 57,398,923	—51.48
1939	74,688,342	54,100,286	+ 20,588,056	+38.06
1940	78,332,834	74,688,343	+ 3,644,491	+ 4.88
1941	132,899,823	78,414,722	+ 54,485,101	+69.48
1942	180,204,500	132,899,824	+ 47,304,676	+35.59

Lumber Movement—Week Ended May 16, 1942

Lumber production during the week ended May 16, 1942, was 0.5% less than the previous week, shipments were 2% less, new business, 10% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 16% above production; new orders 24% above production. Compared with the corresponding week of 1941, production was 3% less, shipments, 4% greater, and new business 4% greater. The industry stood at 132% of the average of production in the corresponding week of 1935-39 and 153% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 19 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 11% above the orders of the 1941 period. For the 19 weeks of 1942, new business was 28% above production, and shipments were 17% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 62% on May 16, 1942, compared with 40% a year ago. Unfilled orders were 27% greater than a year ago; gross stocks were 17% less.

Softwoods and Hardwoods

Record for the current week ended May 16, 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	459	459	471
Production	248,673	256,599	249,892
Shipments	287,362	276,141	293,429
Orders	307,569	294,485	279,035

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	368		106	
Production	236,906	100%	11,767	100%
Shipments	272,277	115	15,085	128
Orders	296,042	125	11,527	98

Youths 18 To 20 To Register On June 30

President Roosevelt on May 22 fixed June 30 as the registration date for young men between 18 and 19 years old and for those who have become 20 years old since the first of the year. This will be the fifth registration under the amended Selective Service Act of 1940 and will thus complete the inventory of manpower provided for under existing law. The youths of 18 and 19 years, of which there are an estimated 3,000,000 throughout the country, are not subject to compulsory military service under present legislation, but the approximately 600,000 who are or will be 20 years old by June 30 are. It is reported, however, that Congress may soon be asked to lower the minimum age for draft service.

There were approximately 40,000,000 men between the ages of 20 and 65 registered in the four previous drafts, of which about 27,000,000 between 20 and 45 are subject to military service.

Bans Sight-Seeing Buses

The Office of Defense Transportation on May 20 banned all sightseeing bus services and restricted the chartering of buses to such essential operations as transportation of the armed forces, war workers and school children. It was estimated that the ban, effective June 1, will result in an annual saving of over 100,000 pounds of crude rubber. ODT Director Joseph B. Eastman pointed out that such a saving would represent a real contribution to the war effort.

Items About Banks, Trust Companies

At a meeting of the Advertising Association of Group V, the Savings Banks of Brooklyn, Queens, Long Island and Staten Island, Alex. E. Leighton of the Williamsburgh Savings Bank, was re-elected Chairman, and Ervin M. Burrow, Secretary of the Association. Both were unanimously re-elected and will be serving the Association for the seventh year in their respective capacities.

The Dollar Savings Bank, N. Y. (the Bronx), announces the election of the following new officers: Gerald C. Miller as Assistant Treasurer, Edmund T. Wolf Jr. as an Assistant Secretary, Charles R. Sitler, Jr. as an Assistant Secretary, Lloyd F. Dempsey as an Assistant Secretary and Lester J. Ferguson as Auditor.

The Brooklyn Trust Co., Brooklyn, N. Y., announced on May 18 that its Parkside office, located at Flatbush and Parkside Avenues, Brooklyn, will be discontinued at the close of business Sept. 26, and its accounts transferred to the Flatbush office of the company, at Church and Ocean Avenues, a few blocks away. The Parkside office originally opened on July 30, 1930, at 562 Flatbush Avenue, and some years later was moved to its present location.

William D. Ireland, Vice President of the National Rockland Bank of Boston since 1933, on May 19 was elected President of the Worcester County Trust Co., Worcester, Mass., to succeed George Avery White. Mr. Ireland will assume his new duties Aug. 24, the date on which Mr. White takes office as President of the State Mutual Life Assurance Co.

E. O. Long has been elected President of the North Side Deposit Bank of Pittsburgh. Mr. Long, who is Secretary of the D. L. Clark Co., was formerly Vice-President of the bank and has served as a Director since the bank's organization in 1934. Raymond G. Geltz, Treasurer of the institution, has also been made Vice-President.

Edwin N. Van Horne has resigned as Executive Vice-President and Director of the American National Bank and Trust Co. of Chicago in order to become President of the Federal Land Bank of Omaha, Omaha, Neb. Mr. Van Horne has been associated with the American National Bank since 1937 and had previously served as President of the Continental National Bank, Lincoln, Neb. According to the financial column (by Nancy McInerny) of the Chicago "Journal of Commerce" of May 22, from which the foregoing is learned, Mr. Van Horne is a member of the Agricultural Council of the Chicago Association of Commerce, and has been active in the affairs of the American Bankers Association, having served as a member of the Executive Council, and the Commerce and Marine Commission.

The Board of Governors of the Federal Reserve System announces that the following banks were recently admitted to membership in the System: American Bank and Trust Co., Miami, Fla.; Bank of Oakfield, Oakfield, Wis.; State Bank of Northfield, Northfield, Minn.; Austin State Bank, Austin, Minn.; Peoples Bank, Lakewood Village, Cal.; State Bank of Virginia, Virginia, Minn., and the Farmers State Bank of Englewood, Englewood, Ohio.

E. L. Blaine, Jr., Vice-President of the Peoples National Bank of Seattle, Wash., was chosen Vice-President of the National Association of Credit Men representing the Western Division at the 47th annual credit congress held in Cincinnati during the week of May 10. He succeeds R. W. Watson, Vice-President of the Bank of America, Los Angeles, who held the post during the past year.

A native of Seattle and a graduate of the University of Washington, Mr. Blaine has been active in the business and banking world since his graduation in 1922, serving as Credit Manager in Spokane for the B. F. Goodrich Co. until 1924, and then as Credit Manager of the National City Bank of Seattle until 1928, and the National Bank of Commerce in Seattle in 1929. For four years after 1929 he was Cashier of the Peoples First Avenue Bank of Seattle and then Executive Vice-President of the First National Bank of Renton during 1933-35. He has been Vice-President of the Peoples National Bank since that time.

Mr. Blaine has also served in other activities — as member of the Board and later President of the Seattle Chapter of the American Institute of Banking, which he also served as member of the Faculty for eight years; as member of the Board and later Vice-President and President of the Seattle Association of Credit Men; as member of the Northwest Council of Credit Men, etc. In the National Association of Credit Men, Mr. Blaine has long been active; he completed a three-year term in May, 1942, as a National Director, representing District, No. 10, which includes the States of California, Nevada, Oregon, and Washington.

OPA Clarifies Data Requested From Corps.

Studies of corporation financial reports being conducted by the Office of Price Administration, as announced May 2, apply only to a selected list of corporations with assets in excess of $250,000 in the manufacturing, mining, construction and wholesale fields, H. F. Taggart, director of the OPA accounting division, said on May 25. In indicating this, the OPA further said:

> The announcement was made to clear up confusion which exists, particularly among retailers, as to whether they are required to make reports based on balance sheet and income account data. Retailers are required under the General Maximum Price Regulation to file March prices before July 1 with the OPA but these reports have nothing to do with the balance sheet and income account studies being conducted by the accounting division.
>
> The latter studies cover a limited group of 25,000 corporations in the catagories listed above. Only those firms receiving the questionnaire — Form A, Annual Financial Report, and Form B, the Interim Financial Report—are required to supply data.
>
> Retail businesses have not been asked to file except in a few cases where corporations combine wholesale and retail activities.
>
> Publishing firms are exempted but commercial printing, however, is subject to the Emergency Price Control Act and firms engaged in commercial printing, if requested to do so, are required to file the financial reports.

Plans for the financial reporting program were disclosed in these columns of May 14, page 1871.

Treasury Offers 1½% Notes Of 1946 To Holders Of Maturing HOLC And RFC Issues

Secretary of the Treasury Morgenthau on May 25 offered up to $1,151,000,000 of 1½% Treasury Notes of Series B-1946 in exchange for the outstanding Series G 1942-44 2¼% bonds of the Home Owners' Loan Corporation, called for redemption on July 1, and the Series S 1% notes of the Reconstruction Finance Corporation, maturing July 1, 1942. Holders of these securities were given the opportunity to exchange themfor notes on a par for par basis, with an adjustment of accrued interest to June 5, 1942. The new Treasury notes are dated June 5, 1942, and will bear interest from that date at the rate of 1½% per annum, payable on a semi-annual basis, but will not be subject to call for redemption prior to maturity. The HOLC bonds are outstanding in amount of $875,438,625 and the RFC notes in amount of $275,868,000.

The subscription books for the current exchange offering were closed at the close of business on May 26, except for the receipt of subscriptions from holders of $25,000 or less of the HOLC bonds. In the latter case, the books were closed on May 27.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the new notes will not have any exemption, as such, under Federal tax laws now or hereafter enacted.

The Treasury's official circular describing the new notes follows:

UNITED STATES OF AMERICA

1½% Treasury Notes of Series B-1946

Dated and bearing interest from June 5, 1942

Due Dec. 15, 1946

Interest payable June 15 and Dec. 15

1942 Department Circular No. 686

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT
Office of the Secretary,
Washington, May 25, 1942

I. Offering of Notes

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for notes of the United States, designated 1½% Treasury Notes of Series B-1946, in payment of which only Home Owners' Loan Corporation 2¼% bonds, Series G 1942-44, called for redemption on July 1, 1942, or Reconstruction Finance Corporation 1% notes of Series S, maturing July 1, 1942, may be tendered. The amount of the offering under this circular will be limited to the amount of such Series G bonds and Series S notes tendered and accepted.

II. Description of Notes

1. The notes will be dated June 5, 1942, and will bear interest from that date at the rate of 1½% per annum, payable on a semiannual basis on Dec. 15, 1942, and thereafter on June 15 and Dec. 15 in each year until the principal amount becomes payable. They will mature Dec. 15, 1946, and will not be subject to call for redemption prior to maturity.

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

3. The notes will be accepted at par during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury in payment of income and profits taxes payable at the maturity of the notes.

4. The notes will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege.

5. Bearer notes with interest coupons attached will be issued in denominations of $100, $500, $1,000, $5,000, $10,000 and $100,000. The notes will not be issued in registered form.

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

III. Subscription and allotment

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of notes applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. Payment

1. Payment at par for notes allotted hereunder must be made on or before June 5, 1942, or on later allotment, and may be made only in Home Owners' Loan Corporation bonds of Series G 1942-44, called for redemption on July 1, 1942, or in Reconstruction Finance Corporation notes of Series S, maturing July 1, 1942, which will be accepted at par, and should accompany the subscription. Coupons dated July 1, 1942, must be attached to bearer securities of either issue when surrendered, and accrued interest from Jan. 1, 1942, to June 5, 1942 ($9.63398 per $1,000 in the case of Series G bonds and $4.28177 per $1,000 in the case of Series S notes) will be paid following acceptance of the securities. In the case of the Series G registered bonds, checks in payment of accrued interest will be drawn in accordance with the assignments on the bonds surrendered.

V. Surrender of Called Bonds

1. Coupon bonds.—Home Owners' Loan Corporation bonds of Series G 1942-44 in coupon form tendered hereunder should be presented and surrendered with the subscription to a Federal Reserve Bank or Branch or to the Treasurer of the United States, Washington, D. C. Coupons dated July 1, 1942, and all coupons bearing subsequent dates should be attached to such bonds when surrendered, and if any such coupons are missing, the subscription must be accompanied by cash payment equal to the face amount of the missing coupons. The bonds must be delivered at the expense and risk of the holder. Facilities for transportation of bonds by registered mail insured may be arranged between incorporated banks and trust companies and the Federal Reserve Banks, and holders may take advantage of such arrangements when available, utilizing such incorporated banks and trust companies as their agents.

2. Registered bonds. — Home Owners' Loan Corporation bonds of Series G 1942-44 in registered form tendered hereunder should be assigned by the registered payees or assignees thereof to "The Secretary of the Treasury for exchange for Treasury Notes of Series B-1946 to be delivered to ....", and thereafter should be presented and surrendered with the subscription to a Federal Reserve Bank or Branch or to the Treasury Department, Division of Loans and Currency, Washington, D. C. The bonds must be delivered at the expense and risk of the holder.

VI. General Provisions

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

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

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

April Living Costs Up In Industrial Cities

Living costs for wage earners and low-salaried clerical workers increased from March to April in 66 of the 67 industrial cities surveyed each month by the Conference Board, New York. The largest increase was 2.5% in Baltimore, Md., the smallest, 0.2% in Front Royal, Va. One city, New Haven, remained unchanged. In the United States as a whole, the cost of living rose 1%. The Board also says:

> The cost of living was higher this April than in April, 1941, in all the cities for which comparable figures are available. The largest increase was 17.6% in Joliet, Ill, the smallest, 9.1%, in Newark. In the United States as a whole the cost of living rose 11.7% from April, 1941, to April, 1942.

Payment On Danish Bonds

Henrik Kauffmann, Danish Minister in Washington, issued the following statement on May 25 for the information of holders of Kingdom of Denmark 20-year 6% external gold bonds, due Jan. 1, 1942; 30-year 5½% external loan gold bonds, due Aug. 1, 1955; and 34-year 4½% external loan gold bonds, due April 15, 1962; City of Copenhagen 25-year 5% gold bonds, due June 1, 1952; and 25-year 4½% gold bonds, due May 1, 1953; Danish Consolidated Municipal Loan 30-year 5½% external sinking fund gold bonds, due Nov. 1, 1955; and 25-year 5% external gold bonds, due Feb. 1, 1953; Mortgage Bank of the Kingdom of Denmark 45-year 5% sinking fund external gold bonds, series IX, of 1927, due Dec. 1, 1972:

> For the purpose of paying June 1, 1942, coupons of City of Copenhagen 25-year 5% gold bonds, due June 1, 1952, and June 1, 1942, coupons of Mortgage Bank of the Kingdom of Denmark 45-year 5% sinking fund external gold bonds, series IX, of 1927, due Dec. 1, 1972, I propose to put the particular paying-agents in funds so far as it is estimated to be necessary to make coupon payments to holders, other than residents of Denmark, of bonds of these two issues.
>
> June 1, 1942, coupon payments will be subject to such licenses as may be granted to paying-agents by the United States Treasury.