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Canada's Financial Measures Designed To Fit War Plans, Says G. F. Towers

In addressing the annual meeting of the Bankers Association for Foreign Trade at the Seigniory Club (Quebec) on June 4, Graham F. Towers, Governor of the Bank of Canada, said that neither domestic financial considerations or foreign exchange considerations have been allowed to obstruct the scope and character of Canada's war effort. "The war plans have come first," he said, "and financial measures have been designed to fit the pattern of those plans and to facilitate their successful execution." In speaking of the Government's policy of "pay as you go," as far as practicable in financing the war, he said he thought Canadians feel that the Government is keeping its promise to tax heavily. "Although they do not complain of that fact."

On the subject of Canada's financial relationships with the United States and the United Kingdom, Mr. Towers stated:

We need great quantities of war materials and supplies from the United States. We must ship far greater quantities of munitions and supplies to the United Kingdom and all the fighting fronts. A person does not need to be an economist to understand that if a country pays in cash and sells on credit or gives its production away, its financial problems are liable to become acute. Facing these problems we instituted foreign exchange control on Sept. 16, 1939. The first objective was to prevent the export of capital. Such exports would have consumed United States dollars which we desperately needed for other things. I am not going to go into details but will only say that exchange control has worked. It has not been used to saddle any of our burdens on the other fellow. All our foreign commitments have been met. We are not accumulating any debts to embarrass us in the future. We are paying our way.

Explaining the Hyde Park (N. Y.) agreement, Mr. Towers had the following to say:

The United States agreed to buy a considerable quantity of war supplies from Canada—guns, ships, chemicals, metals such as aluminum and nickel—and many other things. It was our hope—and a hope which I believe will be realized—that the value of war materials pur-

(Continued on page 2216)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

An awful stew is brewing in Congress over Leon Henderson. Symptomatic of it have been the reports that Jim Farley was to succeed him. Unquestionably these reports will have been definitely settled before this article appears. Whether they turn out to be true or otherwise is not of so much importance, in Washington, as that such reports would be circulated.

They reflect a restlessness in Congress over Henderson's growth in power, which, knowing Congressmen as we do, reflects a concern on the part of the people out in the country. It so happens that the report has gone far and wide that Leon's OPA is very pinkish and that it is bent upon using the war to effect its pet social reforms.

Manifestly a situation such as this is bound to become unbearable. If there is one agency in the country at this time in which there must be perfect confidence, it is that of Leon's OPA. The OPA is bearing down upon the plain people, the housewives. It so happens that Donald Nelson's WPB has been bearing down upon business men for a long time but these victims can't be as articulate as the plain people and the housewives, the people who can't get their sugar, their coffee, their gas. When the plain people, the housewives—to harp upon these terms—are denied things and then hear that the administrators are pinkish, it is just too bad. It is an impossible political situation which even Mr. Roosevelt is likely to realize.

So, the point I am making, is that even if it turns out that the reports about Jim Farley succeeding him, are wholly untrue, the fact remains that the heat on Leon is to be increased from now on. And sooner or later, in this writer's opinion, he is bound to fall.

It is a long story, and an amazing one about Leon. The successful rise of an Austrian painter to

(Continued on page 2217)

GENERAL CONTENTS

Editorials

"Victory Through Air Power" 2210
War Economics and Peace Requirements (Boxed) 2209

Regular Features

Financial Situation 2209
From Washington Ahead of the News 2209
Moody's Bond Prices and Yields 2218
Moody's Common Stock Yields 2218
Items About Banks and Trust Cos. 2224
Trading on New York Exchanges 2222
NYSE Odd-Lot Trading 2223
NYSE Member Borrowings 2211

State of Trade

General Review 2211
Commodity Prices—Domestic Index 2217
Carloadings 2223
Weekly Engineering Construction 2219
May Volume Sets New Record 2220
Paperboard Industry Statistics 2220
Weekly Lumber Movement 2223
Fertilizer Price Index 2218
Weekly Coal and Coke Output 2222
Weekly Steel Review 2219
Output During May 2217
Moody's Daily Commodity Index 2218
Weekly Electric Power Output 2217
Weekly Crude Oil Production 2221
Non-Ferrous Metals Market 2221
April Hotel Sales Rise 2220
May Department Store Sales 2223
Automobile Financing Declines 2219

Miscellaneous

NYSE Bond Values 2218
NYSE Valuations Up 2220
SEC Reports April Registrations 2220
Freight Forwarders Under ICC Control 2220
Illinois Insurance Dept. Changes 2220
Cotton Exchange Appointments 2221, 2222
Newspapers Raise Prices 2221
Urges Home Owners To Cut Debts. 2222
N. Y. Clearing House Amends Check Return Rule 2222
Insolvent Natl. Bank Dividends 2222
Imports Under WPB Control 2210
Federal Debt Limit At May 31, 1942 2221
Illinois Bankers Ask Ceilings on Salaries, Farm Prices 2213
Cleveland Victory Fund Group Aides 2213
Expands War Imports Buying 2213
FDR Reviews Memorial Day Parade 2213
Named to War Damage Corporation 2213
Restrict Alcohol for Synthetic Rubber Use 2213
1941 Department Sales At Record 2213
Coffee Surplus in Haiti 2213
Florida Pipeline, Barge Canal Defeated 2213
U. S. Mission to Colombia 2213
Extends 3½% Farm Mortgage Rate 2219
Vetoes High-Pressure Bond Sales Methods 2219
First Quarter Corporate Earnings Down 2214
Quezon Optimistic On Future 2214
Non-Farm Employment Rises 2214
Morgenthau Urges Cut in Personal Spending 2211
Diplomat Exchange Ship Arrives 2211
New Dimout Regulations 2219
Restrictions on Telephone Installations 2220
Extend Farm Mortgage Lending Powers 2220
WPB Construction Bureau in N. Y. City 2217
April Farm Cash Income 2217
Treasury Silver for Aluminum Plants 2218
Increase West Point Personnel 2218
N. Y. War Bond Drive Starts 2218
Banks Offer Special Bond Savings Plan 2224
Named Manufacturers Assoc. Director 2224
Warns Japan on Poison Gas Use 2224
FDIC Reports Insured Bank Earnings 2224
Policy Group for Manpower Board. 2224
Pay On Rio Grande 6s 2224
Opposes Dictatorial Powers for FDR 2216
Welcomes Mexico as War Ally 2216
Bars Construction of Non-Essential Plants 2216
WPB Empowered to Waive Anti-Trust Acts 2216
June 13 MacArthur Day 2216
Canada's Economy on War Time Basis 2209
Draft of Semi-Skilled Labor Imminent 2215
Duke Symposium on Price Control Act 2215
British Production Heads Visit U. S. 2215
N. Y. City War Parade 2215
Lend-Lease Farm Deliveries to May 1 2215
Gas Saving Will Not Affect Rationing Status 2215
Survey Shows Small Scrap Rubber Supply 2212
Plant Efficiency Booklet 2212
Argentine Head Deplores Aggression 2212
Declare War On Three Balkan Nations 2212
Asks $137,000,000 for War Agencies. 2212
U. S.-Canada Income Tax Pact Ratified 2212

THE FINANCIAL SITUATION

A high-powered campaign to sell Government obligations to individual citizens throughout the land is about to be launched. The purpose of the well-organized and well-supported effort is to obtain the funds required to finance the war from savings, so far as that is possible, and thus reduce the amounts that must be obtained from the banks in a way which must aggravate the inflationary situation already existing, and at the same time absorb funds which otherwise would tend to flow into the market for consumption goods many of which are now, or soon will be, in limited supply as a result of the concentration of our industry upon the task of war production.

A Worthy Cause

It is a worthy cause which has enlisted the aid and support of the financial community which has had long experience in the placement of securities throughout the length and breadth of the land. However much one may, nay must, regret the highly artificial character the Government for years past has insisted upon giving the market for its securities, the fact remains that in order to get along with this war and win it as decisively and as quickly as may be, funds in unparalleled amounts must be raised from this time forward until the fighting is over. It may be taken for granted that however heavy the tax burden laid upon the people, the amounts collected will fall far short of war requirements. Every dollar that is brought into being by further extension of the position of the banks and then passed on in the process of war production to the pockets of the rank and file, if permitted to remain there, will, by precisely that amount, tend to strain further markets for ordinary goods which in the nature of the case can not respond by offering more abundantly at the present time.

Must Tap New Sources

The bond sale campaign now about to begin may if well and vigorously conducted do a good deal to counterbalance for the duration at least the unwillingness of the

(Continued on page 2212)

War Economics And Peace Requirements

We have the clear duty of planning, not in the interest of any particular business group or labor organization, any special class or clique, any individual career, but in the name and interest of the whole Nation.

The National Resources Board has had the courage and the common sense to pose this question to the American people: If we can fully employ all our resources, physical and human, for war, can we not employ them in time of peace for the creation of a good life for all our people? If we can raise the national income to 120 billions, and we probably shall so raise it by the end of this year, employing more than half of it for guns and planes and for the whole apparatus of war, shall we lack wit and the courage, after victory, to put this gigantic economic machine to work for the prosperity of the whole people?

We have the resources, the machines and the men. We have the technical and scientific knowledge. We have an abundance of executive talent. It is in our power one day to transform our wartime effort into wider peacetime markets, toward full employment, toward maximum production. We have the opportunity to achieve an economic victory at home that will match the military victory that must precede it. —President Seymour of Yale University.

We venture to express the hope that this learned leader of thought will return to this subject at some future date and make it clear to the many whose minds he influences that, as we are sure he is well aware, the attainment of the objectives he so well sets forth requires a technique and mode of procedure vastly different from those suitable and effective in winning a war.

All too many appear not to realize this simple but vital fact.

Civilian & War Imports Under WPB Control

The War Production Board announced on June 2 that it will take control of imports of commodities for civilian use as well as strategic war materials beginning July 2, under a revision of General Imports Order M-63 issued June 2 by J. S. Knowlson, Director of Industry Operations. Under the June 2 order special permission will have to be obtained to import both commodities for civilian purposes.

The WPB already exercises control over imports of strategic war materials. The purpose of the new order, says the Board's announcement, is to take advantage of available shipping space by requiring that commodities be imported in the order of their importance. The WPB sets up three lists of commodities, with specific instructions governing their importation. Commodities on lists I and II may continue to be imported under existing contracts, but all such contracts must be reported immediately to the WPB, while existing contracts for importation of commodities on List III will not be allowed to stand.

Lists I, II and III, setting up rules for the importation of the commodities on each list, follows:

List I—No person, except Government agencies, may import, purchase for import or contract for importation of any material on this list except by special authorization of the Director of Industry Operations. Applications for this permission must be made on Form PD-222-C. Imports may continue to be made under existing contracts, but all such contracts must be reported immediately to the War Production Board.

After commodities on this list are imported the owner cannot sell, process or move them beyond the place of initial storage. He can sell them to Government agencies, or apply for authorization to process or move them on Form PD-222-A.

Reports of imports must be made on Form PD-222-B by all persons, including Government agencies, to Collectors of Customs before the materials are entered for consumption, for warehouse, or withdrawn from warehouse. With the exception of this provision regarding Government agencies, this method of handling imports is substantially the same as that now in force.

List II—Commodities on List II are subject to the same import regulations as those on List I. Permission to import must be sought on Form PD-222-C, existing contracts must be reported, and reports on PD-222-B must be made to the Collector of Customs.

After legal importation has been made, however, commodities on List II may be sold, processed or consumed without restriction, insofar as M-63 is concerned. These commodities either are covered by other orders which provide sufficient control over their use, or no control is deemed necessary.

List III—Existing contracts for importation of commodities on List III will not be allowed to stand, as are those on the other two lists. Specific authorization for import must be obtained on Form PD-222-C regardless of existing contracts.

After materials on this list are imported they may be disposed of without restriction, insofar as this order is concerned, except that reports must be made to the Collector of Customs.

Editorial—

"Victory Through Air Power"

Although Major Alexander P. De Seversky's book, with the title heading this article, became available but two months ago it has already become a "best seller" in the book stores of New York City, Chicago, St. Louis, Boston, Pittsburgh, San Francisco, and, in fact, in forty of the fifty-three cities from Portland, Maine, to Portland, Oregon, and from St. Paul to New Orleans, reporting to the "Herald-Tribune's" book review section. It is an important and thought-compelling contribution to essential discussion and abundantly merits the distinction with which it has been received. Than its author, none could be better qualified by experience and enthusiasm to discuss the problems of aerial warfare; and the apparent primacy of air power in current combat should draw to it the interest of every layman who is unwilling to abdicate his privilege of independent thinking in favor of brief authority, especially as such authority is never unlikely to be, as the author suggests, prejudiced in favor of its own decisions which are now requiring reconsideration.

Born in Russia 48 years ago, Major Seversky became an American citizen in 1927; he had come to this country as a member of the Russian Aviation Mission, representing the Kerensky government, and offered his services as a Federal aeronautical engineer and test pilot in aviation when Soviet Russia accepted the Treaty of Brest-Litovsk and faded out of the first World War. Even before his citizenship, he was made a consulting engineer by our War Department, and served as a staff adviser to the late General William E. ("Billy") Mitchell, whose early and enlightened anticipations of the development of aerial combat are now recognized as wholly sound and uncommonly prophetic, although they then led to his court-martial and retirement from the Army in appeasement of enmities aroused among much smaller men holding places of higher authority. His preliminary education was gained in the Russian Naval Academy and in the Military School of Aeronautics, at Sevastopol, in the Crimea. After losing a leg in aerial fighting, he became, when 23 years old, Chief of Pursuit Aviation for the Baltic Sea.

In this country, his non-military activities have been almost all connected with aviation progress to which he has made many and very notable contributions. In his book, he is frankly an advocate of reliance mainly upon aircraft for the attainment of military aims, but, as an advocate incomparably equipped, it cannot be contended that he is not fully entitled to a complete and respectful hearing and, at the very least, to unprejudiced review of the facts and arguments which he presents. It may be that their full acceptance must be equivalent to condemnation of principles and practices upon which vast public interests seem already to have been staked, possibly in ignorance or recklessness born of prejudices long established. If, however, the principles have been wrongly weighed and erroneously determined and the practices are indefensible, reformation and reversal could not be too immediate or too complete. It is for nothing less that the author contends and, unless the facts which he alleges with full particularity can be refuted, his conclusions appear to be impregnable.

As to the broad factual basis, Major Seversky represents that, today, neither operations by armed forces upon the land nor naval operations against coastal defenses or upon the high seas can prevail over enemies making competent use of air power, unless the surface forces are protected and aided by aerial forces sufficiently superior, in the quality and extent of their equipment and in the elements of energy and direction, to "take command of the skies" overhanging and encircling the arena of conflict. Underlining and emphasizing this dependence of the land and sea forces on the sheltering might of aircraft, which can move and defend or attack in three dimensions, he asserts that, alone among the potent forces of conflict, the agencies of air power are capable, at all times and everywhere, of independent offensive and defensive action, without the support of any auxiliary forces whatsoever whether upon the ground or upon the waters. Aircraft, of modern construction, having adequate capacity in their range of operations, provided with suitable defensive and offensive armaments, with specializations of function adapting them to their respective and specific assignments of effort, competently manned and directed with proper energy and intelligence, can independently and successfully defend any area or position, or can attack without land or water support any place or stronghold and obtain the victory. In neither case can such air power fail, unless it is met and overwhelmed by a superior force operating freely within the same three-dimensional arena. That is to say, only air force can meet and overcome air force.

This certainly seems to make sense. Moreover, at this date, it must appear that the accumulation of evidence, since September, 1939, suffices, when properly analyzed, to supply an irrefutable answer to the inquiry whether that appearance is conformable with reality. Major Seversky so asserts and he insists that the response is indubitably favorable to the supremacy of the air power. He points to the failure of British defense in Norway, where the splendid English planes, the Spitfires and the Hurricanes, with their superior speed and greater armaments, could not be used, on account of their limitations of mileage in sustained flight, on the one hand, and to the striking success in the evacuation of Dunkirk, where these planes could go and did go, seize, and hold command of the air, upon the other hand, as demonstration. Dunkirk, Major Seversky soundly observes, was no miracle. It was merely that, for the job just across the English Channel, the British had built better and faster planes than the Germans, had made enough of them, and then used them with sound strategy and intelligence. Under their commanding shelter, maintained for three or four days, that is as long as it was necessary, 887 nondescript water-craft, anything that could float and was navigable upon the narrow water, including even row-boats, but with only 222 vessels belonging to the Royal Navy, rescued 335,000 men who, without this essential protection from the air, would have been irretrievably doomed to death or capture. Nor was Crete, where the limited air force held in Egypt was ineffective and the air supremacy of the Axis Powers was undeniable, a miracle; nor the inability of the British to prevent German reenforcements reaching General Rommel, in Libya. These reenforcements of men, heavy tanks, and other equipment and supplies, crossed the Mediterranean almost freely, under the protecting aegis of Axis air power, mainly effective because Britain had omitted to establish and equip African air bases (as the Germans had set them up promptly in Norway), while it had held most of the southern shore of that sea.

Major Seversky's criticisms, throughout the book, of the recent practices and organization of military aviation in the United States are severe and scathing. Nowhere does he measure his words with a caution which, under the circumstances, might be unpatriotic, and nowhere does he stint his condemnation of that which he considers reckless, prejudiced, or lacking in clear purpose or intelligence. First, and primarily, he attacks, and to the laymen it seems with irrefutable documentation and logic, the system which divides our air power, such as it is, into two usually separate and sometimes competitive contingents, thus ordinarily preventing their best utilization in furtherance of important aims, and constituting an insurmountable obstacle to the wholesome development of a unified aerial strategy. And he points to "the qualitative superiority of British aviation," the military aircraft equipment of which he declares to be, at this hour, "the best in the world," in demonstration of the superiority of the English system in which the air force constitutes an independent arm, completely equal in its freedom from exterior rivalry or control to the Army or to the Navy, but fully co-ordinated with them both whenever strategic combinations and uses are indicated and approved by the final authority. In Germany, also, as he points out, the separate Luftwaffe ranks independently and equally with the separate Army and the the separate Navy. "At present," he says, with the emphasis of italics, "we have no air power at all." That is not, of course, to say that we have no aircraft planned or intended for military operations. He distinguishes, and with reason, apparently on the side of his argument:—

> "*At present we have no air power at all.* We have a miscellany of airplanes, good, bad, and indifferent, but no air power in the sense that we have defined in these pages. If the production program of 185,000 planes . . . is carried out in full, we shall be no nearer genuine air power — since these planes will not reflect a unified aerial strategy to be used by a unified air command. . . . We now possess a variety of aircraft that comprise a first-rate naval arm, and an amorphous mass of army planes with great latent possibilities. Both these accessories, no matter how large they may become, would still remain weapons of the two services, unfitted both physically and psychologically for the tasks of pure aerial warfare."

If warranted, this is mordant criticism and condemnation of a system that is confessedly and completely repugnant to the principle that our author so sturdily supports. Studious perusal of the book is recommended, for at least a prima facie case appears to have been made upon this imminent and unquestionably vital question.

Space unfortunately precludes even reference to many more detailed but seemingly well-supported criticisms of methods that may have controlling influence upon the duration and consequences of the pending conflict. If Major Seversky is not completely wrong, two-dimensional warfare is a thing of the past, made substantially obsolete by the evolution of fighting aircraft and the additional developments in that field already plainly promised and in sight. Yet the United States is engaged in building a two-ocean navy, vastly exceeding in cost and in impotent might anything that the world ever saw before, as useless as the pyramids of Egypt unless adequately defended from the air, and as superfluous and unnecessary (although involving heavy and continuing maintenance expenses and consuming a huge aggregate of much needed man-power) when thus adequately protected and supplemented by aircraft as any other inconceivably wasteful expenditure of materials and energy. It is France's illusory Maginot Line, Germany's unnecessary West Wall, Finland's wasted Mannerheim Line, repeated in effect upon the water, but without the excuse that the stern logic of facts has not demonstrated the futility of the waste. As part of that huge navy, we are including many ships to be used, if they ever are used at all, as aircraft carriers. As to such carriers, the present war has already proven that they are the most vulnerable of all water-borne craft and so limited by inescapable structural necessities that they can never afford space for aircraft of the highest efficiency, or even of tolerable efficiency, except for uses within the rapidly dwindling areas still inaccessible to land-based aerial forces and during the brief period that any such areas can continue to exist. We are still, or lately have been, producing large quantities of planes of "pet obsolete models," known to be "tactically worthless," and defending them in costly publicity paid for out of taxation or borrowing. We are producing, ostensibly for use in pursuit planes, large numbers of engines of only 1,150 horsepower and somewhat unreliable in use, although we might have substituted production of the splendid British engine, of almost twice that power-capacity and of demonstrated excellence, the NAPIER SABRE. The great output of planes now in mass-production includes types selected for standardization which "have outlived their usefulness" and we are not doing everything that is plainly within our great capacity to develop the power and range which are the obvious essentials of success in the warfare of the skies and the real and final test of the intelligence with which the war effort of any people is directed. In fact, our military aviation is "still in a primitive state," and neither official realization nor sound direction from the top yet points plainly to even tolerably mitigating improvement, let alone to satisfactory development.

These criticisms are not ours. We do not pretend to the specialized equipment necessary, as the case stands, to pass upon their finality or force. But they are serious in the extreme and they emanate from a qualified and patriotic source. They cannot properly be met by silence and the public ought not to accept irony or vituperation in lieu of specific and detailed candor and complete responsiveness. Open discussion could not possibly aid the enemy a tithe as much as secretiveness and persistence in error would injure the whole people. Such discussion is vitally needed and may be indispensable pre-requisite of improvement and, therefor, of victory not too-long delayed. Unquestionably, the long-accepted precepts of Admiral Mahan, who thought naval power to be our exclusive requisite for defense, have lost their force through the rapid progress of aviation. If not before, they sank forever to the floor of the oceans with the destruction, by aircraft, or through their operations, of the BISMARCK, the GLORIOUS, the REPULSE, the ARIZONA, the HARUNA, and the PRINCE OF WALES. Everything charged or asserted by Major Seversky seems supported by this series of catastrophes to their naval craft, distributed among the warring powers with some equality, all occurring while they were venturing to operate without protection, or with insufficient protection, "from the skies," and by the successive and terrifying devastations within the last ten days, at Cologne, Essen, and other places in Germany and within the occupied regions of Flanders and France.

"Victory Through Air Power," is the title of Major Seversky's most timely study. Had it been entitled "Defeat Through Air Weakness," the same thoughts might have been indicated, merely from the opposing angle of reflection. The cited author would be radically in error, and we doubt that he can be, unless both victory and defeat are within the potentialities of air power, to be determined in the last eventuality, by the relative competence or defectiveness of its management. The people of the United States may ponder these alternatives.

No Sales Of CCC Cotton

The U. S. Department of Agriculture announced on June 3 that no cotton would be sold by the Commodity Credit Corporation under the General Cotton Sales Program during the month of June. The Department likewise said:

The remaining 177,636 bales of cotton that can be sold during the calendar year 1942 within the limitation of 1,500,000 bales specified in Section 381-C of the Agricultural Adjustment Act of 1938, as amended, will be held until the requirements for export sales and sales for new uses are determined. When this determination is made a further announcement will be made as to additional sales under the General Cotton Sales Program.

The State Of Trade

While some of the heavy industries show slight setbacks for the week, figures of production, generally, are substantially higher than last year. Steel production is scheduled this week at 99.3% of capacity, unchanged from last week, the American Iron & Steel Institute announced. At the current rate, output for the week is indicated at 1,686,700 net tons of ingots.

A month ago operations were on a basis of 99.6%, or 1,691,800 tons on a weekly basis, the high of the year. For the like 1941 week production was 1,591,300 tons.

Electric power production for the week ended Saturday, May 30, amounted to 3,322,651,000 kilowatt hours, an increase of 12.5% over the corresponding week in 1941, according to the Edison Electric Institute.

During the week ended May 23, the amount of electrical energy distributed by the industry was 3,379,985,000 kilowatt hours, pointing to a decrease of 1.4% in output, compared with the current week.

Carloadings showed a drop of 5% for the week. The Association of American Railroads reported that 795,756 cars of revenue freight were loaded during the week ending May 30.

This was a decrease of 41,992 cars, or 5% compared with the preceding week, a decrease of 6,027 cars, or 0.8%, compared with a year ago, and an increase of 156,636 cars, or 24.5% compared with 1940.

The past week's engineering construction volume totaled $274,971,000, compared with $163,227,000 in the previous week and $123,570,000 in the corresponding period a year ago, the "Engineering News-Record" reported.

Federal construction accounted for $248,611,000 of the work for the latest period.

For May the heavy engineering construction total eclipsed all previous records at $1,044,572,000, the publication reported. Federal activities for the month involved $949,400,000.

Department store sales on a country-wide basis were off 11% for the week ended May 30, compared with the same week a year ago, according to the weekly figures made public by the Federal Reserve Board.

Business in civilian goods industries, which reached new peaks in 1941 and continued at high levels in the early months of 1942, not only has fallen off sharply in recent weeks, but has developed into a highly confused state in many trades, observers state. Uncertainties over recent Washington rulings, deep concern over rumors of some things to come and a substantial decline in consumer buying account largely for the disorganized conditions and for the drop in retail sales.

Fortunately, the unsettled state of business in the civilian goods trades has not spread to the war industries. There things are booming; armaments of all kinds are being produced at an amazing rate. This was borne out the other day when Robert P. Patterson, Under-Secretary of War, declared that the Army now has all the weapons it can send abroad under present shipping conditions and also enough to arm every soldier in the United States.

So large are the supplies on hand and in work that the Army is planning to build a network of storage depots to house reserves of food, munitions and other equipment.

In many civilian goods industries and in retail trade the picture is not a happy one. Business in some producing industries is virtually at a standstill. Lack of clarification of the Office of Price Administration's price-ceiling regulations and concern over what action the War Production Board is planning in limitation of retail and wholesale inventories are the twin troubles bothering most business men.

All of the this comes at a time when retail business itself is on the down grade. It is pointed out that the rate of consumer buying has dropped sharply from its high levels of the first quarter of 1942. Business today is off from 25 to 30%, compared with the activity prevailing earlier in the year. As against the corresponding 1941 period, sales are down about 5%.

While department store sales are running 10 to 15% under last year's level now, comparisons are likely to become more favorable again soon, there is reason to believe.

Consumer purchasing power is far higher than a year ago. Store stocks are considerably larger also, and so long as this condition persists sales could easily rise above the 1941 level again, observers state.

Since the general price ceiling went into effect, many consumers feel there is little incentive now to purchase for future needs. This view could easily change, however, should the belief develop that many products will become difficult to purchase at a later date. The considerable volume of advance buying accomplished since last August enables consumers to postpone many types of purchases now, but the fact that consumers are stocked up will not curtail sales so long as the buying power is present and future shortages are feared.

Morgenthau Urges Cut In Personal Spending

Secretary of the Treasury Morgenthau declared in a radio address on June 3 that any person "who chooses this time to go on a buying spree is committing an act of sabotage against our war effort" and that those who spend money extravagantly and carelessly "handicap our war production program."

Inaugurating a series of weekly radio addresses, sponsored by the Office of Facts and Figures and designed to explain President Roosevelt's anti-inflation program, Secretary Morgenthau said that the "patriotic thing" to do "is to make old clothes last longer, to eat simpler meals," and "to do everything else possible to cut down on personal spending."

The Secretary, pointing out that the war is now costing $130,000,000 every day, said that the $8,700,000,000 in new taxes which the Administration has recommended "is the very least that we can afford to ask of the American people at this critical time." He added that the tax program proposed is in line with the "basic principle of the ability to pay" and gives effect to the people's determination that "no one shall be allowed to amass riches out of this war."

Saying he was "shocked" at the extravagant salaries, bonuses and corporate expenses being distributed by companies with war contracts in order to avoid "paying full and fair taxes on their profits." Mr. Morgenthau added that the Treasury is determined "to make the offending companies pay."

With respect to the new tax bill now being written by the House Ways and Means Committee, the Secretary expressed the hope that it cannot be said that it was "too little and too late." He added:

The people of this country have shown in a thousand ways that they are not in a mood for half measures, either financial or military. They will be critical only if the burdens are unfairly distributed. They will be disappointed in their leaders only if those leaders fail to ask them for all-out effort.

Concerning the buying of War Bonds and Stamps, Mr. Morgenthau said:

I am very happy that we went over our national quota for the month of May and that our total sales for that month reached $634,000,000. But we shall have to do much better in June and in the following months. The quota for June has been fixed at $800,000,000, and in July and every month thereafter we expect a billion dollars. If we are to reach those quotas and carry out a vital part of the President's program, all who get a regular income will have to cut down on personal spending and put an average of at least 10% of current earnings into War Bonds.

The steady fulfillment of War Bond quotas, month after month, is an indispensable part of the financing of the war. But it means even more than that. It means that we are building the kind of future we want for ourselves and our children.

We can do a great deal to shape our future—now. Our actions—now—will determine the kind of world we shall have after the war. Whatever success we achieve by voluntary cooperation will help to set the pattern of the post-war world.

The comments above by Secretary Morgenthau regarding the pending tax bill, and his expression of hope that it cannot be said that it was "too little and too late," resulted in a conference on June 4 between Mr. Morgenthau and members of the House Ways and Means Committee drafting the bill. Following the conference, Chairman Doughton of the Committee issued a statement saying, in part, that it was "agreed that the remarks made by Secretary Morgenthau in a recent radio address did not reflect and were not intended to reflect upon the Committee or its procedure in writing the pending tax bill."

Diplomat Exchange Ship Arrives In New York

The Swedish-American liner Drottningholm, chartered to exchange diplomatic representatives, arrived at New York on June 1 with 908 passengers, most of them nationals of the United States and Latin American countries who had been interned by Germany and Italy. The most prominent of the returning diplomats was Admiral William D. Leahy, Ambassador to the Vichy Government, who had been recalled by President Roosevelt for consultation. Other ranking diplomats included Herbert C. Pell, former Minister to Hungary; George Wadsworth, former Charge d'Affaires in Rome, and Leland B. Morris, former Charge d'Affaires in Berlin.

NYSE Borrowings

The New York Stock Exchange announced on June 3 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business May 29 aggregated $324,410,876, a decrease of $10,736,944 from the April 30 total of $335,147,820.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business May 29, 1942, aggregated $324,410,876.

The total of money borrowed, compiled on the same basis, as of the close of business April 30, 1942, was $335,147,820.

THE FINANCIAL SITUATION

(Continued From First Page)

politicians to lay taxes proportionately upon those elements in the population whose income will be most largely increased by reason of the war production program. To do so, however, it must be directed not merely at the usual list of the security salesman's prospects, but also persistently and effectively at many thousands, yes millions, who have not in the past been habitual purchasers of securities. Many of these latter would normally be regular purchasers of stamps rather than bonds, but they must not be regarded either in Washington or elsewhere as too "unproductive" to be worth while. The success of this campaign can not be measured solely by the number of dollars raised. It is important to tap the idle funds of investors, large and middle class, of whom there are many, but it is vital that these war obligations absorb directly or indirectly a very substantial proportion of the current earnings of the vast rank and file—and the aggregate number of dollars from this source need by no means be negligible even though the purchases of each investor be small.

The campaign to be really succesful in the larger and deeper sense must, moreover, be conducted on a rational and forward-looking basis. Necessity has already obliged those who used to preach improvidence as an economic virtue and condemn thrift as of doubtful wisdom, to shift their ground considerably. Many of them are now among the most emphatic exponents of "sacrifice" and of "doing without" not only to relieve pressure upon markets but to make possible systematic and in the aggregate large contributions to the Treasury. To them thrift is, for the moment at least, one of the cardinal virtues. With this position few thoughtful men with the good of their country at heart will be disposed to quarrel. Upon such doctrines as these the campaign now under discussion must be built.

Post-War Thrift Needed, Too

Let us not fall into the error, however, of supposing, or of leading others to suppose, that thrift will cease to be a virtue once the roar of the guns has died away. It would be a costly blunder, and there appears to be some danger of such a mistake. In the first place, most of those who manage the propaganda supporting the sale of war bonds are much inclined to decry frugality save in this particular emergency. One is often led to suspect that they view the need for thrift much as most of us regard the numerous restrictions in war time—often a necessity at present but not to be suffered after peace returns. Some such idea appears to underlie the so-called forced savings proposals. The same trend of thought comes to the surface repeatedly in the form of a suggestion that funds be set aside in war bonds now so that they may be available when the war is over to buy the automobile which can not be had now, or the washing machine, the radio or the house. The thoughtful observer will not fail to inquire what would happen if the larger number of holders of war bonds called upon the Treasury at the conclusion of hostilities for their cash. It requires but little consideration to come to the conclusion that the Treasury might be very seriously embarrassed in such circumstances.

Without much question there will be a good many who will need funds to carry them over the lull (at the very least) which must almost inevitably follow feverish war production activity—not for automobiles or other nonessentials but for their bread and butter—but it would be a blunder of the first order of magnitude to "sell" the public the idea of buying war bonds, or of saving and investing in any form for that matter, during the war in the spirit of "Xmas savings" or for purposes of a similar sort. The savings of the people, and a great deal more, are today being "sunk" in the manufacture of guns, tanks, ammunition, war planes and other articles which have little peace time value, or in plant and facilities for the manufacture of such articles. In the larger and truer sense we as a people are not saving and cannot save anything at all during a "total" war. Quite the contrary. When the war is over we shall be faced by a problem of "converting" for peace time production and of making good arrears in peace time plant and facilities. Failure to take such facts carefully into account, or a refusal to continue our frugality at least in reasonable measure after the war, can scarcely fail to bring financial and economic chaos.

It, moreover, seems to us that we should be able to do as well with this bond selling campaign—and, incidentally, with the current propagandistic campaign to stimulate war production—with less deliberate, not to say studious, effort to induce hate, crude, soul-searing hate, which promises to be a serious handicap in any post-war reconstruction and rehabilitation effort. If this war were to come to an end tomorrow, or whenever it comes to an end and upon whatever terms, how would or how will this world get along, prosper and progress inhabited by a multitude of peoples criss-crossed with blinding hate, with many individual peoples indeed divided among themselves into cliques hating one another as the devil hates the righteous? Can any thoughtful man well doubt that this state of affairs will present problems fully as difficult as, perhaps much more difficult than, the more material aspects of world affairs which in any event must be trying enough? To be sure, the American people will stick to their lathes and will buy bonds without this horrible campaign of hate.

By all means, let us get ahead with the campaign to collect the savings of the people for use in winning the war. It is a task which must be done. But in doing so, let us avoid the pitfalls which await the unwary.

Survey Shows Little Scrap Rubber Available

Contradicting claims that there are "many millions of tons" of scrap rubber available, the United States Rubber Co., in a special study released on June 7, estimates that approximately 500,000 long tons of scrap might be recovered by intensive collection methods. The United States Rubber Co. is one of the largest processors of used rubber, and the head of its chemical division, J. P. Coe, is President of the Rubber Reclaimers Association, national trade organization of the industry.

The survey, conducted by the business research department of the company, covers the last five years' supply. Normally, it points out, scrap not collected and reclaimed in the year is discarded and considered lost beyond recovery. Now, however, the situation is entirely different and extreme methods are under consideration to bring to light rubber scrapped in previous years. The statement issued by the company also says:

> A shortage in the 1941 surplus of tires is foreseen due to the fact that old tires have found their way back into use via the used tire market, which sprang up with the restriction of new tire sales.
>
> With 1,600,000,000 pounds of tires available, 714,000,000 pounds were consumed by reclaimers last year, leaving a surplus of 890,000,000 pounds. The study estimates that about 50% of this is recoverable.
>
> A good harvest of the 1940 surplus should be gathered, the company feels, since this should be too far gone for re-use and yet not out of sight too long to preclude its reappearance. This figure is also fixed at 50% of the surplus, or 330,000,000 pounds.
>
> Beyond these years the estimate is frankly speculative, but the recoverable invisible supply is believed to be about 25% for 1939, or 220,000,000 pounds, and 10% each for 1938 and 1937, totaling 78,000,000 and 66,000,000 pounds, respectively. This reaches a total of 500,000 long tons.
>
> The company believes that the areas most likely to be productive will be those in which organized collection facilities have in the past been the least active.

Plant Efficiency

A booklet on plant efficiency has been published by the Division of Information of the War Production Board, and is now available for distribution on request. The booklet is called "Plant Efficiency—Ideas and Suggestions on Increasing Efficiency in Smaller Plants." It is in simple terms and is designed primarily for smaller war plants or for plants which are just getting into war production and which might be able to increase production by a study of efficiency procedures.

Copies may be obtained from regional and local offices of the War Production Board, located in 120 cities; from local offices of the Division of Information, Office for Emergency Management; or by writing to the Division of Information, Office for Emergency Management, in Washington.

Argentine President Deplores Aggression

In acknowledging President Roosevelt's Argentine Independence Day greeting, President Roberto M. Ortiz on May 28 said that Argentina's "reaction to any unjust aggression must be and always will be that of the most forthright repudiation and of complete solidarity."

Mr. Roosevelt's message was given in these columns June 4, page 2134.

The text of President Ortiz's message follows:

> I sincerely appreciate the kind and friendly greeting which Your Excellency forwarded to me on the anniversary which we Argentinians celebrated with feeling and fervor. The spiritual satisfaction produced in us by the remembrance of the events which led to our freedom cannot lessen the distress with which we learn of the grief of the citizens of nations which yesterday were free and today are deprived of that highest dignity. The attitude of the people of my country, in the face of the suffering of those who have been subjugated or attacked, cannot be other than that marked out by the country's historic guiding rules and by the democratic feeling which, since the emancipation of the republic, has ever molded its institutions and directed its ways of life.
>
> Argenina being identified with the fate of the sister nations of America, whose civilizations, culture and ideals are common to us, her reaction to any unjust aggression must be and always will be that of the most forthright repudiation and of complete solidarity. In transmitting to you these sentiments and returning your greetings, I renew to you the assurance of my friendly consideration.

FDR Asks $137 Millions For War Agencies In 1943

President Roosevelt asked Congress on June 8 to appropriate $137,000,000 for the War Production Board and other war agencies for the 1943 fiscal year.

The President requested $73,467,300 for the WPB; $28,638,000 for the Office of the Coordinator of Inter-American Affairs; $7,447,075 for the Office of Civilian Defense; $7,216,515 for the Office of Defense Transportation; $15,000,000 as a supplemental appropriation for the Department of Agriculture program of emergency supplies for United States territories and possessions, and $5,000,000 for the Public Roads Administration.

Ratify U. S.-Canadian Income Tax Convention

The Senate on May 28 ratified the convention between the United States and Canada providing for avoidance of double income taxation, modification of certain conflicting principles of taxation, reductions of certain rates of taxation, and establishment of exchange of information between the two countries in the field of income taxation.

The convention was signed in Washington on March 4 by Sumner Welles, Acting Secretary of State, and Leighton McCarthy, Canadian Minister to the United States; referred to in our issue of March 19, page 1168.

The treaty goes into effect as of Jan. 1, 1941, and continues effective for a period of three years, unless terminated upon six months prior notice.

Congress Declares War On Three Balkan Nations

President Roosevelt signed on June 5 the resolutions declaring war against Bulgaria, Hungary and Rumania. The formal declarations had been voted unanimously by Congress. Without debate, the House on June 3 voted 357 to 0 on the Bulgarian resolution, 360 to 0 on the Hungarian and 361 to 0 on the Rumanian. On June 4 the Senate cast 73 votes in favor of declaring war on the three governments.

These actions were taken in response to a special message from President Roosevelt on June 2, asking that Congress recognize a state of war between the United States and these "instruments of Hitler." The President, noting that the three governments had declared war against the United States, said they "are now engaged in military activities directed against the United Nations and are planning an extension of these activities."

Rumania declared war against the United States on Dec. 12 and Bulgaria and Hungary on Dec. 13.

Approval of the declarations puts the United States formally at war with six nations, since war with Japan was declared on Dec. 8 and with Germany and Italy on Dec. 11.

The Congressional resolutions, differing only with respect to naming the countries separately, read as follows:

> Declaring that a state of war exists between the Government of Bulgaria and the Government and the people of the United States and making provisions to prosecute the same.
>
> Whereas the Government of Bulgaria has formally declared war against the Government and the people of the United States of America; therefore be it
>
> Resolved, By the Senate and House of Representatives of the United States of America in Congress assembled: That the state of war between the United States and the Government of Bulgaria which has thus been thrust upon the United States is hereby formally declared; and the President is hereby authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Government of Bulgaria; and, to bring the conflict to a successful termination, all of the resources of the country are hereby pledged by the Congress of the United States.

The text of the President's message asking for the war declarations follows:

> To the Congress of the United States of America:
>
> The governments of Bulgaria, Hungary and Rumania have declared war against the United States. I realize that the three governments took this action not upon their own initiative or in response to the wishes of their own peoples but as the instruments of Hitler. These three governments are now engaged in military activities directed against the United Nations and are planning an extension of these activities.
>
> Therefore, I recommend that the Congress recognize a state of war between the United States and Bulgaria, between the United States and Hungary, and between the United States and Rumania.

Illinois Bankers Call For Ceilings On Pay, Farm Prices; Ask Equitable Tax System

Asserting that "critical times such as these call for drastic curtailment of non-defense expenditures in governmental and civilian affairs," the Illinois Bankers' Association in its Declaration of Policy adopted on May 22 at its annual convention in St. Louis, Mo., urged "our public officials to exert their influence to reduce unnecessary governmental operating budgets and to drastically curtail grants of State and Federal funds to projects that do not facilitate war effort or production, to the end that the pressure on the Government for non-essential grants of aid may give way to patriotic insistence that all revenue available be employed in legitimate war activities." The Declaration also stated that "as bankers we share the natural concern of all thoughtful American citizens who sense the vital need for regulation to curb inflationary trends in our economic structure," adding "we approve the measures that have been taken as wisely precautionary, but affirm it to be our solemn conviction that there must be a definite ceiling placed on every element of cost, wages and agricultural products included, that goes into the manufacture of war and consumer goods if these measures are to achieve the results they seek to accomplish." While recognizing the obligation of citizens and institutions "to finance a substantial part of the war effort through taxation," the bankers urged upon Congress "the importance of a fair and equitable system of taxation that will preserve rather than destroy the individual enterprise that has made America the greatest democracy on earth and that will be necessary if we are to maintain the strength and character of our democratic system." They further commended "to the serious consideration of the Congress the relation of the taxing system to the future of American industry, to the end that industry may be permitted to set up sufficient financial reserves to enable it to reconvert its resources to peacetime production on the successful conclusion of the current war effort."

Wholehearted cooperation was pledged by the bankers "in making loans to war production industries, in restricting loans that might conflict with the war effort, and in assisting the various supervisory authorities, both State and national, to keep the banking system of Illinois and the Nation in the soundest possible condition during the war and thereafter," and "the efforts of the United States Treasury to spread the base of Government borrowing through sale of U. S. War Bonds" were endorsed by the bankers. The bankers put themselves on record as planning to "continue our opposition to branch banking and to any legislation that might provide an opening wedge to branch banking."

Henry C. Bengel, Vice-President of the Illinois National Bank of Springfield, was elected President of the Association. He succeeds Earl C. Adams, President of the Jersey State Bank at Jerseyville, Ill. George R. Boyles, President of the Merchants National Bank, Chicago, was elected Vice-President and Harold J. Bacon, Cashier of the Home State Bank of Crystal Lake, was named Treasurer for the coming year.

In his Presidential address, Mr. Adams called for the establishment of a 48-hour work week in war industries, compulsory arbitration and rigid governmental economy. He also urged that the government enforce a no-strike law for the duration of the war and that the status quo in labor relations be maintained.

Chester Davis, President of the Federal Reserve Bank of St. Louis, told the convention, according to the St. Louis "Globe Democrat," that there is no reason to fear the rising public debt, since "the United States and its Allies can put into the present war what it takes to win with less concern over the financing than can any opposing nation." He added:

"On the day the guns fall silent and we stand victorious," he declared, "we will emerge, despite what we have put into the war, with our soil and our war materials unimpaired, and with the greatest producing plant and with the greatest army of trained and skilled workers in the world's history. Those are the elements of real wealth and we shall not have expended them."

Philosophies and facts involved in the current national labor situation were explained to the bankers by Clarence B. Randall of Chicago, Vice-President of Inland Steel Co. After describing the steel industry's conversion to war in 1939 and of its present all-out war efforts, Mr Randall reviewed the issues which are involved in current cases before the War Labor Board, such as highly paid workers' right to wage increases, the factors which should govern such increases in war and in peace, the closed shop, union security, and the new WLB formula of "maintenance of membership."

Named To Cleveland Victory Fund Group

M. J. Fleming, President of the Federal Reserve Bank of Cleveland and Chairman of the Victory Fund Committee for the Fourth Federal Reserve District, announces the addition of the following to the Victory Fund group:

W. H. Courtney, President, First National Bank & Trust Co., Lexington, Ky.; J. C. McConnell, President, the National Bank of West Virginia at Wheeling; F. P. Mullins, of A. E. Masten & Co., Pittsburgh.

Appointment of the other 22 members of the committee was referred to in these columns of May 28, page 2032. Hugh D. MacBain, of Mellon Securities Corp. of Pittsburgh, has been made Executive Manager of the group, whose function it is to aid the Treasury's war financing program. A. C. Coney, Vice-President of the National City Bank of Cleveland, will be Secretary of the committee.

Expands War Imp. Buying

President Roosevelt, in an executive order issued on May 30, authorized the Secretaries of War, Navy, Treasury and Agriculture and the Reconstruction Finance Corporation to make emergency purchases of war materials abroad, such material to be admitted free of duty.

Prior to the issuance of this order only the Secretary of the Navy had authority to make such purchases. The extension of the power was in accordance with Title I of the First War Powers Act, approved Dec. 18, 1941.

FDR Reviews Parade

President Roosevelt on May 30 reviewed the Memorial Day parade in Washington, participated in by the various branches of the service. The President was accompanied by Gen. George C. Marshall, Chief of Staff of the Army, and Admiral Ernest J. King, Commander in Chief of the United States Fleet. Also viewing the parade were military, naval and air attaches of the 26 United Nations and members of the diplomatic corps.

Officers Named For War Damage Corp.

Secretary of Commerce Jesse Jones announced on June 5 that he would be Chairman of the $1,000,000,000 War Damage Corporation, a subsidiary of the Reconstruction Finance Corporation, which, beginning July 1, will provide, through insurance, reinsurance or otherwise, reasonable protection against loss of or damage to property, real and personal, which may result from enemy attack (including any action taken by the military, naval, or air forces of the United States in resisting enemy attack). Mr. Jones also announced that W. L. Clayton will be President of the WDC, and that Frank T. Christiansen will be Executive Vice-President; A. T. Hobson, Secretary; H. A. Mulligan, Treasurer, and Claude E. Hamilton, Jr., General Counsel. Directors will be Messrs. Jones, Clayton, Mulligan, and C. B. Henderson, Sam Husbands, Charles T. Fisher, Jr., Howard J. Klossner, Frederic A. Delano and George E. Allen.

Most of those appointed are officers of the RFC or the Commerce Department. Mr. Delano is Chairman of the National Resources Planning Board. Mr. Allen is on temporary leave as Vice-President and Secretary of the Home Insurance Co. of New York and is now on an official mission to Dublin in behalf of the American Red Cross. Virtually all agents of private fire insurance companies have been designated as official representatives of the WDC and are expected to have application blanks around June 20.

The text of the act creating the War Damage Corporation was given in these columns April 16, page 1546.

Alcohol Mfr. To Be For Synthetic Rubber

Plans for a 90% cut in hard liquor production by the end of the current year, to permit the Nation's stills to be availed of to turn out alcohol for use in the manufacture of synthetic rubber and other war products, were indicated by a WPB spokesman, on May 27, according to Associated Press accounts from Washington on that day, which added:

There is expected to be no shortage of whiskey and other liquors, however, because ample stocks are on hand.

A goal of 540,000,000 gallons of alcohol has been set for 1943, with 240,000,000 gallons to come from distilleries now producing beverages. Of the total, 200,000,000 gallons derived from grain is to be allocated to the production of butadiene for synthetic rubber. The whole program is expected to consume 136,000,000 bushels of grain, with the emphasis on corn, but with an increased use of wheat as well.

To the production capacity estimate of 540,000,000 gallons will be added a stockpile surplus of 50,000,000 gallons from 1942.

According to a statement issued by A. I. Henderson, WPB Director of Materials, the total is expected to be reached as follows: 65,000,000 gallons synthetically; 120,000,000 gallons by whiskey plants capable of producing 190 proof alcohol; 120,000,000 gallons by whiskey plants being converted to produce 190 proof; 65,000,000 gallons by commercial alcohol plants in New Orleans; 100,000,000 gallons by seaboard alcohol plants, and 10,000,000 gallons from Cuba and Mexico.

It is stated that there is not expected to be any shortage of whiskey and other liquors, even if total conversion of the industry is effected, since it is stated that sufficient stocks are at present on hand.

Department Store Sales At Record In 1941 Although Taxes Cut Earnings, Board Finds

The unusually heavy consumer buying movement during the latter half of 1941 resulted in new records for both sales and net taxable income of department stores, according to the Conference Board, New York City. A Conference Board analysis of the corporate income statements of 25 leading department stores shows net sales at $1,147,000,000 for the fiscal year, 1941, an increase of 17% over the preceding year and 5% above the previous peak established in 1929. The 17% increase in sales resulted in a 47% gain in net taxable income. Profits before allowance for Federal income and excess-profits taxes and contingency reserves for inventory depreciation were 23% higher than the 1928 high.

The Board's announcement, issued June 5, further said:

Federal income tax levies, which were about three times those for 1940, reduced net after taxes to a point where it was only 5% higher than in 1940 and 25% below the 1928 high. Net after taxes exceeded the 1936 figure by only 2%, although sales were 24% higher than in 1936. Per $100 in sales, profits before Federal income taxes averaged $5.93 in 1941, as compared with $4.74 in 1940. After taxes, however the rate declined from $3.54 to $3.16 which almost equaled that reported for 1939. In other words, the 24% increase in net sales since 1939 has resulted in no improvement in the ratio. Following the rapid decline from 1929 to 1932, net income as a percentage of sales moved sharply upward, reaching $3.85 in 1936. Rising costs adversely affected net income in 1937, however, and profits declined in spite of the higher sales level.

Federal income and excess-profits taxes for the 25 companies amounted to $30,400,000 in 1941, almost three times the 1940 aggregate and more than four and a half times that reported in 1936 and 1928. The amount set aside for Federal income tax reserves was 44.7% of taxable income in 1941; 25.2% in 1940; 15.8% in 1936, and 12.0% in 1928.

Dividends paid by the 25 companies to their stockholders increased 7% during 1941 and almost equaled those for 1937, although they were 17% below the 1936 record year. Dividends represented 58% of available income in 1941, against 57% in 1940; 86% in 1937; 72% in 1936, and only 46% in 1928. The companies added $15,000,000 to surplus in 1941 and they closed the fiscal year with an earned surplus of $143,000,000, an increase of almost 50% over that for the close of the 1937 fiscal year.

Current assets at the close of 1941 were 2.98 times current liabilities, the lowest rate since 1928. High inventories and receivables have been the principal factor in the upward trend of current assets, which, however, have risen at a slower rate than current liabilities. The value of inventories was 30% greater than at the close of the preceding fiscal year and practically equaled the record for the year 1929. Receivables increased 14% and were 10% above the 1929 peak.

The "lifo" method of inventory valuation was used by 14 of the companies last year. Net income after taxes for these companies would have increased 26% instead of the reported 8% if the lower-of-cost-or-market method had been used in both years.

Coffee Surplus In Haiti

The problem arising from the coffee surplus in Haiti which has been causing considerable concern in the Republic has been eased somewhat but a complete solution has not been found, according to the Department of Commerce at Washington, which in a release made available June 2, added:

Downward revision of crop estimates and an increase in the Haitian quota on the American market have reduced the estimates of expected surplus to between 133,000 and 183,000 bags of 132 pounds each.

The excellent prevailing price for coffee, combined with the possibility of Government aid, may enable exporters to carry a surplus of this size.

Pipeline, Barge Canal For Florida Defeated

The House on June 1 refused to pass a bill authorizing construction and operation of a barge canal and petroleum pipeline across Florida at an estimated cost of $144,000,000. By a vote of 121 noes to 85 in favor of the bill's passage the House rejected an attempt to pass the measure under suspension of the rules, a procedure requiring a two-thirds vote. The proposed legislation had been approved by the House Rivers and Harbors Committee on May 22, but the committee vote, it is reported, was not approved.

Designed to relieve the gasoline shortages in the East, the bill would have provided for the construction of a barge canal across the northern part of Florida to connect the Atlantic and Gulf intercoastal waterways and for a pipeline from the vicinity of Port St. Joe, Fla., to Jacksonville, Fla.

In Associated Press accounts from Washington June 1 it was stated that while the way was left open for later consideration, Chairman Joseph J. Mansfield (Democrat of Texas) of the Rivers and Harbors Committee who had urged the measure's passage said he did not intend to press it further. "As far as I am concerned, the bill is dead." Mansfield told reporters after the House had refused to pass the measure. The press accounts added:

Speaker Rayburn, who had taken the floor to speak for the bill, said he did not know when, if ever, the measure would be brought up again under procedure allowing longer debate and amendments.

Today's procedure permitted no amendments, and it was because of this that most of the expressed opposition developed. Many of the opponents said they desired to knock out the canal provision as unnecessary, but approved of a pipeline. Some of them called the bill a camouflaged Florida ship canal project.

"There is no reason for either one alone," Representative Mansfield contended. "The pipeline alone cannot furnish all the oil the East needs. To do that we must have the canal, and the bill without the canal is impractical."

It was claimed by some Representatives that the Administration now had sufficient authority to build pipelines and that there was no need for further legislation, except with respect to the barge canal.

US Mission To Colombia

Under the terms of an agreement signed in Washington on May 29, by Secretary of State Hull and Dr. Gabriel Turbay, Colombian Ambassador, a United States military mission, similar to those sent to other Latin-American governments, will go to Colombia to advise on the development of their armed forces. The agreement will run for four years.

First Quarter Corporate Earnings Down Despite Gains Before Federal Taxes

A substantial year-to-year gain in the income of American industrial corporations before Federal income taxes and contingency reserves during the first quarter was converted by greatly increased Federal income taxes into an almost equally large decline in net after taxes, according to regular quarterly computations of the Conference Board.

Analysis by the Board of income statements of 270 industrial corporations reveals that net income after taxes in the first three months of this year was 25% below the corresponding 1941 quarter, while earnings before taxes showed an increase of 29%. The comparison with figures for 1940 is even more striking in some respects. Earnings before Federal income taxes and contingency reserves rose 114% during the two-year period, while net after taxes declined 14%.

The Board further says:

Out of each dollar earned before Federal income taxes and contingency reserves, these corporations on the average reserved 63.2 cents for Federal income taxes, the range being from 38.1 cents for 12 petroleum companies to 79.6 cents for a group of 3 aircraft and parts manufacturers. The corresponding figure for the 270 companies in 1941 was 42.4 cents, while that for 1940 was 21.7 cents. Total Federal income tax reserves amounted to $546,580,000 as compared with $283,419,000 in 1941 and $87,653,000 in 1940.

Automobile manufacturers were the only industrial group which failed to show a gain in income before Federal income taxes and contingecy reserves; only six of the 19 groups failed to show a decline in net after taxes. Aircraft and parts, office equipment, railroad equipment, petroleum products, textiles and miscellaneous nondurable goods manufacturers showed gains, while the automobile, automobile parts, building materials, electrical products, machinery, metal products, steel and miscellaneous durable goods manufacturers, as well as chemicals, drugs, food products, paper products, and a miscellaneous group of companies reported declines, most of them substantial, as compared with last year.

A larger tabulation embracing 415 industrial, 31 electricity and gas, 10 telephone and telegraph, and 59 railroad companies showed a 13% decline in net income after taxes from $627,798,000 in the first quarter of 1941 to $546,786,000 this year. The figure for the first quarter of 1940 was $507,012,000. The only groups to show increases over the 1941 quarter were retail trade with an advance of 32% and railroads with a rise of 52%.

Net sales of a smaller group of 101 companies, for which data are available, showed an increase in net sales, as compared with both 1941 and 1940. Five automobile manufacturers included in this group showed a loss in net sales from $969,816,000 in the first quarter of last year to $708,746,000 this year. The other groups, embracing 96 companies in eight groups, showed a substantial gain in net sales, the figures being $1,585,999,000 this year, against $1,175,960,000 last year and $906,294,000 in 1940.

The following table supplied by the Conference Board shows the net income after taxes of the 515 companies, by groups, together with percentage changes from 1940 and 1941:

CORPORATE EARNINGS, FIRST QUARTERS 1940-1942
Thousands of Dollars

	Number of companies	Net Income After Taxes 1942	1941	1940	Percentage Change 1941 to 1942	1940 to 1942
Industrials	415	346.262	443,849	387.470	—22	—11
Manufacturing	337	309.627	404.075	353.550	—23	—12
Durable goods	202	180.771	234.517	208.275	—32	—13
Nondurable goods	135	128.856	139,558	145.275	— 8	—11
Mining	35	25.297	28.797	23.330	—12	+ 8
Coal	10	2,822	2,938	1,609	— 4	+75
Metal	25	22.475	25.859	21.721	—13	+ 3
Retail trade	17	6.727	5.078	5.919	+32	+14
Miscellaneous	26	4.611	5.899	4.671	—22	— 1
Public Utilities	41	112.908	126.318	130.538	—11	—14
Electricity and gas	31	49.138	60.519	66.376	—19	—26
Telephone and telegraph	10	63.770	65.799	64,162	— 3	— 1
Railroads	59	87,616	57,631	d10,996	+52	--
Grand total	515	546,786	627,798	507,012	—13	+ 8

d Deficit.

Quezon In Washington Voices Faith In Future

Manuel Quezon, President of the Commonwealth of the Philippine Islands, visiting the House of Representatives at Washington on June 2, expressed confidence that the American people and Congress will wholeheartedly back up President Roosevelt's pledge that the freedom of the Philippines will be redeemed and its independence established and protected. President Quezon also declared that "death, ruin and destruction have never daunted our spirit or lessened our faith in the United States." He told the House that it was only upon the "insistent demand" of General MacArthur that he left Manila for Corregidor, acting upon the theory that, under international law, a country has not been conquered until its Government is overtaken.

After his address before the House, President Quezon was presented to the members individually by Representative Bloom, Chairman of the House Foreign Affairs Committee.

President Quezon later in the week (June 4) addressed the United States Senate, at which time he expressed the hope that the American people would adopt another slogan of war, viz: "Remember the Philippines." In his remarks to the Senate, he said:

I am not in this country to persuade you to send forces at once to the Philippines to drive the invader out of my beloved fatherland. Nor will I try to convince you that the Pacific is more important than the European or the Atlantic theaters of war. Those decisions are to be made by you.

The Associated Press further quoted him as follows:

But he added: "You will always have in mind, I am sure, that only in the Philippines has your flag been hauled down and replaced by the flag of the Rising Sun."

Mr. Quezon declared that in view of this tragic event he hoped the "American people in this hour of their great responsibility to the world would always keep before them the memory of the devotion and sacrifices of the people of the Philippines."

Before the surrender of Corregidor, the Philippine President journeyed to Australia. His arrival in the United States to set up headquarters in Washington was noted in our May 14 issue, page 1861.

Non-Agricultural Employment Up Sharply In Mid-April, Labor Dept. Reports

The gain of 381,000 in total civil non-agricultural employment from mid-March to mid-April raised the April aggregate to 40,773,000, Secretary of Labor Frances Perkins reported on May 29. "This total exceeded all previous April levels and was 2,545,000 greater than in April of last year," she said.

"Increased employment on contract construction, largely on Federal projects, accounted for 137,000 of the increase over the month interval, according to Secretary Perkins, who also said:

"Other major groups reporting gains were manufacturing, transportation and public utilities, finance service, and miscellaneous, and Federal, State, and local government services. Employment in the mining group showed no change from the March level, gains in quarrying and metal mining offsetting the decreases reported in coal mining and crude petroleum production. The combined reports from wholesale and retail trade establishments indicated a net contraseasonal decline of 53,000 over the preceding month, due in part to the direct and indirect government restrictions affecting the sales of automobiles, tires, electrical appliances and other commodities."

Secretary Perkins further reported:

"Approximately one-half of the gain of more than 2,500,000 non-agricultural workers over the year occurred in manufacturing industries. With but one exception (wholesale and retail trade), all other major groups showed employment gains over April of last year. Substantial declines in the wholesale and retail automotive and the retail furniture groups contributed to the decline of 134,000 in trade employment over the year. All major retail groups reported fewer employees than in April, 1941, with the exception of the group of retail food stores. This year pre-Easter shopping occurred too early in April to affect employment in retail stores in the pay period ending nearest the 15th, while last year, Easter buying was concentrated in the middle week of the month and accounted largely for a substantial employment gain.

"The increase of 0.5% in factory employment between March and April was about twice as large as the normally expected expansion, while the corresponding increase in weekly pay rolls, 1.9% or nearly $6,600,000, was in contrast to a typical decrease of 0.8% ($2,800,000) for this month. The durable goods group showed a gain of 1.3% (72,700) in employment, while the non-durable goods group reported a reduction of 0.4% (21,300).

"Many industries continued to show employment declines as a result of shortages of materials and lay-offs pending plant conversion to war production. Among such durable goods industries were automobiles, hardware, plumbers' supplies, stamped and enameled ware, tin cans, business machines, jewelry, and silverware and plated ware. Sharp increases, however, in such important war industries as shipbuilding, aircraft, foundries and machine-shops, engines, electrical machinery, and machine tools offset these declines sufficiently to cause a net gain in the durable goods group and in all manufacturing industries combined.

"In the non-durable goods group, substantial seasonal increases were reported for the beverage, canning, ice cream, beet sugar, and butter industries and smaller gains for cane sugar refining and knitted outerwear. Contraseasonal gains were shown in the cotton goods, silk and rayon, and woolen and worsted goods industries. Declines in other non-durable goods industries, however, notably cottonseed oil, cake and meal, millinery, carpets and rugs, rubber goods, fertilizers, fur-felt hats, and hosiery more than offset these gains to cause a net decline in the group as a whole.

"The April index of factory employment stood at 135.7% (1923-25=100) a rise of 10.7% since April of last year, and the corresponding pay-roll index was 186.4%, an increase of 38.4% since last year. As has been indicated in preceding reports, factory payrolls have advanced much more sharply than employment in recent months due to increased working hours in many industries, overtime premiums, and wage-rate increases.

"Fewer factory workers were affected by wage-rate increases in April than in any month since March of last year. Wage-rate increases between March 16 and April 15, 1942, were reported by 590 manufacturing establishments out of a reporting sample of about 30,000. They averaged 8.1% and affected about 110,000 workers out of a total of 6,000,000 employed by the covered plants.

"Employment in anthracite mining declined 1.1% and bituminous coal mining employment fell 0.5%. Metal mining as a whole showed an employment increase of 0.7% and employment in quarrying and non-metallic mining showed a less-than-seasonal increase of 5.7%. In crude petroleum production employment declined by 1%.

"Employment by street railways and buses again showed an increase of about 1%, reflecting the demand for additional transportation facilities. Increases of a seasonal character were reported by hotels, laundries, private building contractors, and dyeing and cleaning establishments. Brokerage firms reported fewer employees.

"Retail establishments reported a net contraseasonal decline of 0.5% in the number of workers due primarily to reductions in the automotive and furniture groups, reflecting the effect of the war program on the sales of automobiles, tires, gasoline, and electrical appliances and radios. Wholesale firms reported a larger-than-seasonal employment decline of 1.6%, due partially to reduced employment in the automotive and electrical groups.

"Federally-financed construction showed a more-than-seasonal expansion during the month ending April 15, adding 177,000 workers and $35,649,000 pay rolls. These represented increases of 15% and 18%, respectively, over the preceding month, and 63% and 93%, respectively, over the past year. In April, all Federally-financed construction employed 1,372,000 persons and paid out a total of $234,328,000 in pay rolls.

"War construction, not including housing, required 88% of the employment and 89% of the pay rolls. Expansion during April was concentrated mainly on the construction of cantonments, ordnance plants, air corps stations, new ships, airports, and streets and roads.

"Non-war construction other than housing, showed slight increases in employment and pay rolls during the month of April, but aggregated only 124,000 employees and $19,154,000 pay rolls, less than 10% of the total construction requirements.

"Public housing employment has declined steadily since July, 1941, showing a net decrease of 42% since April a year ago, from 72,900 to 42,600 persons. On the other hand, the war public works program including the construction of schools, hospitals, waterworks, and sanitary and recreational facilities servicing war-housing areas, has been expanding gradually since the inception of the program in October, 1941.

"Employment in the executive branch of the Federal Government exceeded the 2,000,000 mark during the month of April, with the addition of 10,300 persons inside the District of Columbia and 97,800 outside the District. Both employment and pay rolls increased 6% during the current month, but over the past year employment increased 63% and pay rolls 73%. The April pay rolls for the executive service were $327,119,000.

"The expansion of war industries has been accompanied by drastic contraction of work-relief projects. During April, WPA personnel declined 96,800 persons, and during the past year 755,000. These represented decreases of 10% and 47%, respectively. The contraction has affected personnel on war projects of the WPA somewhat less than on others—4% during the past month and 33% during the past year.

"The NYA dropped 10,100 persons from its student-work program and 15,300 persons from its out-of-school work program during April. Over the past year NYA personnel has contracted over 50%.

"Personnel on the CCC program likewise dropped sharply during April with the declines distributed among the different groups as follows: enrollees, 18,000 persons or 18%; nurses, 8 or 16%; educational advisers, 93 or 12%; supervisory and technical, 1,080 or 6%. Over the past year total CCC personnel has declined 64% and total pay rolls 59%."

The Labor Department's announcement also had the following to report:

ESTIMATES OF TOTAL NON-AGRICULTURAL EMPLOYMENT
[In thousands]

	April, 1942 (Preliminary)	Mar., 1942	Change Mar. to Apr., 1942	Apr., 1941	Change Apr., 1941 to Apr., 1942
Total civil non-agricultural employment	40,773	40,392	+381	38,228	+2,545
Employees in non-agricul. establish.	34,630	34,249	+381	32,085	+2,545
Manufacturing	12,897	12,845	+ 52	11,684	+1,213
Mining	860	860	0	564	+ 296
Contract construction	1,875	1,738	+137	1,775	+ 100
Transportation and public utilities	3,344	3,277	+ 67	3,113	+ 231
Trade	6,658	6,711	— 53	6,792	— 134
Finance, service and miscellaneous	4,264	4,195	+ 69	4,174	+ 90
Federal, State and local government	4,832	4,623	+109	3,983	+ 749

The estimates of "Total civil non-agricultural employment," given on the first line of the above table, represent the total number of persons engaged in gainful work in the United States in non-agricultural industries, excluding military and naval personnel, persons employed on WPA or NYA projects, and enrollees in CCC camps. The series described as "Employees in non-agricultural establishments" excludes also proprietors and firm members, self-employed persons, casual workers and persons in domestic service. The estimates for "Employees in non-agricultural establishments" are shown separately for each of seven major industry groups. Data for the manufacturing and trade groups have been revised to include adjustments to preliminary 1939 Census data.

The figures represent the number of persons working at any time during the week ending nearest the middle of each month. The totals for the United States have been adjusted to conform to the figures shown by the 1930 Census of Occupations or the number of non-agricultural "gainful workers" less than the number shown to have been unemployed for one week or more at the time of the Census.

Draft of Semi-Skilled Labor Seen Imminent; Employment of Women & Men Over 45 Urged

Declaring that "the armed forces must have the cream of the able-bodied young men," Col. Arthur V. McDermott, in addressing the monthly luncheon meeting of the New York State Chamber of Commerce on June 4 stated that "it rests with industry to devise ways and means whereby substitutes may be found for those able-bodied young men without dependents, now engaged in their plants." Col. McDermott, who is Director of Selective Service for New York City, made the statement that "so far as my observation goes, industry "is still claiming deferments for tens of thousands of these semi-skilled, able-bodied young men, and is still reluctant to obtain replacements by employing and training men over 45 years of age who are exempt from military service."

The speaker asserted that the chief cause of difficulty in passing upon occupational deferments "lies in the fact that during the year or more preceding Pearl Harbor, the war production plants throughout the country employed hundreds of thousands, and perhaps millions, of able-bodied young men with no grounds for deferment." He added:

Most of those able-bodied young men are still working in the plants today. Many of them have become semi-skilled. We, in Selective Service, realize that if they were to be suddenly pulled out of the plants, wholesale and overnight, it would unquestionably result in a serious impairment of production.

But, eventually, they must be replaced. They must be replaced by older men, and by men with dependents, and by men with physical defects, and to a considerable extent, by women. No matter how earnestly industry desires able-bodied young men, the Army and the Navy need them very much more than industry does, and the Army and the Navy come first.

Col. McDermott observed that "industry is no longer taking on these able-bodied young registrants haphazardly," adding, "industry is employing women in increasing numbers—industry is cooperating with Selective Service to a marked degree." In part he continued:

There is no question that many of the able-bodied young men without dependents who are now employed in war production plants cannot reasonably be replaced in six months. I have in mind really skilled machinists who have completed an apprenticeship of three or four or five years, and graduate engineers and graduate chemists and other men of that category whose skill is based on years of training and experience. There is unquestionably an acute shortage of men of that type in industry, and they will be permitted to remain despite the fact that they are young and able-bodied and desirable military material.

But as to the tens of thousands of young able-bodied semi-skilled men without dependents, the men with only a comparatively brief employment or training in a defense plant, it is my prediction that their Local Boards will call upon them to report for induction before the next six months are over.

It is up to industry to start replacing them without delay with men with dependents, with men who have minor physical defects, with women, and above all with men over 45, capable and intelligent who are now tramping the streets looking for jobs.

While on the subject of occupational deferments, said Col. McDermott, "let me attempt to clear up what appears to be a popular misconception." He went on to say:

A great many people seem to have the impression that if a man is engaged in a war production industry or in an industry which contributes to the war effort, he is automatically entitled to a deferment regardless of how important or unimportant his particular duties may happen to be.

Several months ago, announcements were made by National Headquarters of the Selective Service System that the newspaper industry and the field of labor relations, for example, were activities which contributed to the war effort, and that "necessary men" in these fields of endeavor might be considered for deferment. This was misconstrued by a great many people to mean that everybody in the labor unions and everybody in the newspaper industry, from the office boy to the president, were entitled to deferments. Nothing could be further from the truth. There is no such thing as blanket deferments in Selective Service. Every classification must invariably be decided on the basis of the activities of the individual himself.

Col. McDermott also had the following to say:

On the basis of the figures published on the first two registrations and the advance estimates issued by National Headquarters of the Selective Service System regarding the third registration we now have approximately 27,000,000 men, between the ages of 20 and 45 inclusive, registered for Selective Service in this country.

Twenty-seven million men seems like a rather ample pool of manpower to supply the needs of both industry and the armed forces, but this figure standing by itself, falls far short of telling the whole story.

Out of the 1,000,000 men between the ages of 21 to 35 who registered in New York City on the first registration in October, 1940, for example, more than 600,000, or 60% were placed in Class III-A by their Local Boards because of dependency.

Out of the 600,000 men between the ages of 36 to 45 who registered in New York City last February, the percentage of dependency deferments will undoubtedly be even higher, as will also be the rejections for physical reasons. Only a small percentage of these 600,000 men will eventually be classified in I-A and inducted into military service under the existing regulations.

The percentage of deferred classifications in New York City is substantially the same as the percentage prevailing throughout the nation.

A very substantial proportion, however, of the 600,000 men who have been granted dependency deferments in New York City are registrants who are unmarried but who are contributing to the partial support of their parents or families. In the great majority of those cases the registrants are earning meager wages and their contributions to the household have been equally meager; perhaps only $6 or $7 or $8 a week. The deferments were rightly granted, nevertheless, because in thousands of homes in New York City, the conditions of poverty are so acute and pitiful that even a contribution of $5 a week might mean the difference between barely making both ends meet or a starvation diet.

If and when Congress enacts the legislation now pending with respect to increases in pay and compulsory allowances and allotments for dependents, there is no question that tens of thousands of these young, able-bodied, unmarried men will be reclassified in I-A and inducted into service. Their compulsory allotment of pay, supplemented by the governmental grant will at least equal the contribution they are now making to the home in most instances, and with one less mouth to feed.

Nevertheless, we must face the situation as it exists today. As I have indicated, our pool of 27,000,000 registrants, does not by any means indicate that we have 27,000,000 available for military service. It is from a much smaller number that we must draw our supply of manpower for the Army and the Navy. In making that drawing the greatest problem which confronts us is the question of occupational deferments.

Price Control Act—Duke Symposium

Because the price control law "in effect makes ordinary business policy contrary to the public interest, it cannot be successfully administered unless its necessity is accepted by those it affects," writes Price Administrator Leon Henderson in the introduction to a symposium of ten articles on "The Emergency Price Control Act" which has just been published in the Duke University Law School quarterly, "Law and Contemporary Problems." "Once the average American is convinced that the restraints are necessary and fair, he can be counted on for thorough cooperation," Mr. Henderson continues, declaring that fairness is the "sole responsibility" of the Office of Price Administration. He adds:

"The elements of fairness, as I see them, require that all our regulations conform to a well-defined over-all policy and that the administration of these regulations be such that no one is justified in feeling that he has been discriminated against."

In its announcement the Duke University Law School says:

Many of the contributors to the Duke symposium are prominent OPA officials. The relation of price control to wartime inflation is discussed in a background article by Columbia University economist J. M. Clark, now OPA consultant. General Counsel Ginsburg analyzes in detail the provisions conferring power on the Administrator and providing for the Act's enforcement. Northwestern University law professor, N. C. Nathanson, now OPA Assistant General Counsel, defends the Act's novel provisions for the protest and judicial review of the Administrator's orders pointing out that war exigencies require streamlined administrative procedure. War needs are also found by Professor Paul A. Freund of the Harvard Law School to justify the Act as an exercise of Federal constitutional power.

What economic considerations are weighed in setting commodity price ceilings is the subject of an article by Assistant Administrator D. H. Wallace and P. H. Coombs, OPA economist, which is followed by a study of the economic and legal questions of rent control by Karl Borders, Director of OPA's Rent Division.

Deputy Director J. L. Weiner of WPB's Division of Civilian Supply depicts the evolution of the various types of orders used by the Division in allocating scarce goods to civilian industry and also appraises the procedures which the Division has developed for consulting or hearing affected private interests. Procedure to coordinate the work of both this division and OPA with anti-trust law enforcement are described in a succeeding article by Fowler Hamilton, Chief of the Anti-trust Division's National Defense Section. Control of price and civilian supply under British wartime laws forms the subject of the concluding article by the chief of OPA's Foreign Information Unit, W. S. B. Lacy, and J. S. Earlv. economist.

Production, War Chiefs Here From Britain

Oliver Lyttelton, British Minister of Production, arrived in Washington on June 2 for conferences on production and supply with Donald M. Nelson, War Production chief, and Harry L. Hopkins, special Presidential assistant on defense aid program. He was accompanied by several British production experts and officials of the British Minister of Defense and the Supply Department. British officials, said Mr. Lyttelton, will review the British supply organization in the United States "in the light of the combined machinery for Anglo-American cooperation which was set up when the Prime Minister and Lord Beaverbrook visited the United States at the end of last year."

Mr. Lyttelton conferred with Mr. Nelson on June 3 and with President Roosevelt on June 5. Following his call at the White House, the British Production Minister said that the object of his visit to this country was the "integration" of British war production with that of the United States through establishment of a joint production agency.

Mr. Lyttelton on June 7 visited Detroit, where he viewed the conversion of the automobile industry to war production.

It is also to be noted that Lord Louis Mountbatten, head of the British Commandos, arrived in Washington today to consult with "representatives of United States fighting services." Mountbatten, who is a cousin of King George VI, holds the rank of Vice Admiral. Washington Associated Press accounts June 3 stated:

His arrival, announced by the British Press Service, coincided with the opening of important conferences between American and British officials on Anglo-American production problems that are expected to have a direct bearing on the grand strategy of the war against the Axis.

Incidentally, the presence in London of Lieut. Gen. Brehon B. Somervell, United States Army Chief of Supply, is likewise noted. His arrival in London on May 27 followed the appearance there on May 26 of Lieut. Gen. Henry H. Arnold and Rear Admiral John H. Towers, chiefs of the Army and Navy Air Forces, and other high service officials.

New York City War Parade

A "New York At War" parade-demonstration will take place all day Saturday (June 13) along Fifth Avenue. A cross-section of the Army will take part in the spectacle. About 200 floats representing the United Nations, Latin American countries, and nations that have come under Axis domination, as well as many private companies, will also participate. Much emphasis will be placed on advertising War Bonds, the United Service Organizations and other relief units.

Since the demand for seats in the reviewing stands far outweighed the number available it was decided to place them on sale. Seats in the reviewing stands at Fifth Avenue between 41st and 42nd Streets are being sold for $5.50 and those in the grandstand extending along Fifth Avenue between 60th and 79th Streets sell for $1.10. The majority of stores along the route will be closed.

Lend-Lease Farm Product Deliveries To May 1

Approximately 5,000,000,000 pounds of farm products had been delivered to representatives of the United Nations for Lend-Lease shipment up to May 1, the U. S. Department of Agriculture reported on June 3. Total cost of the 4,977,475,000 pounds bought by the Agricultural Marketing Administration and delivered at shipping points since the program began in April, 1941, was $651,529,000.

The Department's announcement further explained:

During the past April, when transfers of farm products doubled compared with March, 627,475,000 pounds costing $127,029,000 were delivered. The increases were largely in dried eggs, meat products and concentrated foods. The quantity of meat delivered more than doubled, the total reaching 101,974,000 pounds for the month. More than four times as much evaporated milk—over 23,198,000 pounds — was transferred, while the quantity of dry skim milk deliveerd rose from 1,997,500 pounds in March to 2,270,000 in April. Deliveries of dried eggs totaled 12,727,000 pounds or 5,000,000 more than in March.

The per unit cost of all commodities delivered in April averaged slightly more than 20 cents a pound compared with 19.4 cents in March.

Leading commodity groups delivered, with cumulative values up to May 1, 1942, were: dairy products and eggs, $207,491,152; meat, fish and fowl, $193,015,600; fruits, vegetables and nuts, $53,065,885; lards, fats and oils, $52,812,050, and grain and cereal products, $26,911,814. Purchases of other foodstuffs totaled $4,545,919 and non-food-stuffs $113,686,453. Wheat, cotton, corn, gum rosin and tobacco were made available for Lend-Lease operations by the Commodity Credit Corporation.

Car Owners Who Save 'Gas' Not To Be Penalized

Don't try to "live up" to your gasoline ration. Stay under it—to save both your gasoline and your tires. Try to cut your present mileage at least 50%.

This was the urgent request of Joel Dean, Chief of the Fuel Ration Branch, Office of Price Administration, on May 30, in a statement encouraging motorists in the Eastern rationed area to make voluntary reductions in their mileage beyond those imposed by rationing.

Under no circumstances, the statement emphasized, will such savings result in penalties for the card holder, or place him under any disadvantage when he applies for a new card.

Many holders of "B" cards have expressed the desire to make every possible reduction in their mileage. At the same time some motorists expressed the fear that unused units on their cards might indicate that at the time of registration they had padded their mileage estimates. Such an indication might lead to investigation and penalties, it was feared, even though the estimate of mileage was made honestly and in good faith.

"While the shortage of petroleum in the East is critical, the national shortage of rubber presents an even more desperate situation," Mr. Dean said. "For the average motorist the tires now on his car are the only ones in sight. Therefore, he should begin reducing his mileage every way he can right now.

"It is to be hoped that every car owner, regardless of the kind of ration card he holds, will make a voluntary cut in his driving by at least 50%."

Opposes Dictatorial Powers For President, Taking Issue With Views Of Hoover

Exception to the recent proposal by former President Herbert Hoover that President Roosevelt "to win total war" . . . "must have dictatorial economic powers," was taken on June 4 by Dr. George N. Shuster, President of Hunter College, in New York. Dr. Shuster, who spoke at the commencement exercises of the Graduate Faculty of Political and Social Science of the New School for Social Research, while commending the leadership of President Roosevelt in the present national and international crisis, nevertheless urged that Congress should assert itself to a greater degree than it has and exercise more effective influence on the actions of the Executive. The New York "Times" of June 5, in thus reporting the views of Dr. Shuster, likewise indicated that in his remarks he pointed to the failures and weaknesses of parliaments in Europe as factors in the rise of totalitarianism and said "the inability of modern parliaments to tell the executives of government that they want something done, and quickly, is a grave danger." In the "Times" Dr. Shuster was further quoted as follows:

"I have the utmost respect for Mr. Roosevelt as a leader and a statesman," Dr. Shuster said. "He will go down in history as the man who saved this nation from the most dire menace in its history. But I shall confess that we might well be willing to take a somewhat weaker President if we could have a much greater Congress."

If the democratic form of government is to survive we must not only understand the nature of the Nazi regime but must be prepared for counteraction, Dr. Shuster declared.

"The primary bulwark of American liberty," he continued, "is to be found in the nature of the government itself. Democracy is the parliament, it is the Congress. The whole of the great human struggle for freedom can be summed up as a fight for representation in the supreme legislative councils. Give up that representation and you lose your liberties. But a parliament or a Congress is not enough. It must have power, and it must know how to use power intelligently.

"What reason is there in theory for thinking that a Congressional committee cannot find a valid solution for a problem when one grants that a group of consultants hastily summoned by Presidential order can find a solution? When we see that Congressional committees have not acted promptly and effectively or that vitally important Senators did not sense the peril confronting the nation, one can only conclude that something is terribly wrong."

The proposal that President Roosevelt be given dictatorial powers was made by Mr. Hoover in a speech on May 20 at the annual meeting in New York City of the National Industrial Conference Board, Inc., at which time Mr. Hoover, as noted in our May 21 issue, page 1946, stated that "while economic freedom must suffer most by the war, we can, if we will, and we must, keep the other great personal freedoms and their safeguards alive. Live free speech, free radio and free press," he added, "are the heat that can thaw out any frozen liberties." As to that part of his address in which he advocated dictatorial powers for the President, Mr. Hoover said:

We may first contemplate the limitations on economic freedom, for here are the maximum restrictions. To win total war President Roosevelt must have dictatorial economic powers. There must be no hesitation in giving them to him and upholding him in them. Moreover, we must expect a steady decrease in economic freedom as the war goes on.

We must start our thinking with a disagreeable, cold, hard fact. That is, the economic measures necessary to win total war are pust plain Fascist economics. It was from the war organization developed by all nations, including the democracies, during the first total war, that the economic department of Fascism was born.

But there are two vast differences in the application of this sort of economic system at the hands of democracies or by dictators. First, in democracies we strive to keep free speech, free press, free worship, trial by jury and the other personal liberties alive. And second, we want to so design our actions that these Fascist economic measures are not frozen into American life, but shall thaw out after the war.

Mr. Hoover also said that "criticism of the conduct of the war is necessary if we are to win the war. We want the war conducted right," and he likewise said:

Criticism of the conduct of the war may rightly lead to criticism of public officials. In a democracy even the President is not immune from rightful criticism. I ought to know something of the theory and practice of that subject. The President is not the spiritual head of the people. He is not sacrosanct like the Mikado. Patriotism is not devotion to a public servant. It is devotion to our country and its right aims.

Mr. Hoover's address was delivered under the title, "The Limitations on Freedom In War."

Canada's Economy On War Time Basis

(Continued from First Page)

chased from us by the United States would come close to the cost to us of war materials and supplies which we have to obtain from the United States and for which we naturally pay United States dollar cash. It is a practical working arrangement and so long as it does, in fact, work, we shall be able to carry on. It was not, of course, operative to any great extent in 1941 and during that year our United States dollar resources declined by $142,000,000. Our sales of war materials in 1942 should be considerably larger and we are, therefore, hoping that we shall come closer to a balancing of accounts than we did last year.

With respect to the field of Government borrowing, Mr. Towers observed that "the Second Victory Loan of last February produced a total of $845,000,000 cash subscriptions from nearly 1,700,000 subscribers." "Translated into terms of U. S. income and U. S. population," he said, "these results could be compared to an American loan yielding $13,000,000,000 cash and 20,000,000 subscribers." "I think," he said, "you will agree that these are imposing figures."

Referring to Canada's financial relationships with the United Kingdom, Mr. Towers stated:

It has been necessary to make sure that no lack of Canadian dollars kept the United Kingdom from buying all the things they needed to obtain in Canada. The United Kingdom deficit from the outbreak of the war to the end of February, 1942 amounted to $1,770,000,000. This deficit has been financed in three ways. In the early stages of the war—that is up to December, 1940 — we received partial payments in gold. The amount involved, $250,000,000, was used to reduce our deficit with the United States. Secondly, the Canadian Government and the Canadian National Railways prepaid their bonded debt held in the United Kingdom and this, together with some repatriation, accounted for approximately $820,000,000. The balance of the deficit to the end of February last was covered by a $700,000,000 loan from the Canadian Government to the Government of the United Kingdom—a loan which is non-interest bearing for the duration of the war. In March Parliament authorized a gift of $1,000,000 dollars to the United Kingdom. While the gift is phrased in dollars, you can understand that the real meaning of the transaction is that Canada is making a contribution of guns, tanks, aircraft, other munitions of war, food stuffs and supplies, to the full extent that these things are needed by other parts of the Empire. Financial considerations do not enter into this picture, with this single exception, that to enable us to pay for war supplies from the United States, we need to sell some war supplies to the United States.

As to the United States price control policy, he made the following comment:

It would have been nothing short of a disaster if the United States had decided to throw up its hands and abandon itself to inflation. We are watching your efforts with the keenest and most sympathetic attention. Self-interest is obviously involved in our concern with what transpires south of the boundary line, but it is not a form of self-interest of which anyone need feel ashamed. What we genuinely desire is that the policies of the two countries should be such as to permit the maximum possible war effort within the shortest possible time: that they should be such that after Victory is achieved, both countries will find themselves in good shape to handle their post-war problems and to cooperate with vigor and good friendship in the reconstruction of a peaceful world.

Mexico Welcomed As U. S. Ally In War

Mexico's declaration of war against Germany, Italy and Japan was hailed by President Roosevelt and Secretary of State Hull on June 2.

In a message to President Camacho of Mexico, Mr. Roosevelt declared that "the people of the United States share with me the honor of welcoming Mexico to that community of nations united in fighting for the preservation of freedom and democracy."

Secretary Hull issued a statement saying that the declaration is "a further evidence that the free nations of the world will never submit to the heel of Axis aggression" and that the Mexican people "have again demonstrated that the free peoples of the world are determined to make whatever sacrifice may be necessary to maintain the sacred principles upon which their independence was founded."

President Roosevelt's message follows:

June 2, 1942.

His Excellency
General Manuel Avila Camacho,
President of the United Mexican States,
Mexico, D. F. (Mexico).

I have been informed that the United Mexican States has made formal declaration of war on Germany, Italy and Japan, thereby taking up a battle position alongside other freedom-loving nations which have been the subject of criminal aggression by these enemies of human liberties. Mexico, too, became the victim of unprovoked attack, and Mexico has in characteristically resolute and virile fashion, answered this challenge to its dignity and liberty. Once again the Axis tyrants have woefully erred in their appraisal of the temper of a free nation.

The people of the United States share with me the honor of welcoming Mexico to that community of nations united in fighting for the preservation of freedom and democracy. At the same time I extend to you on their behalf their deepest sympathy to the families of your countrymen who have already given their lives for our common cause. By our victory and the use we make of it we shall consecrate the memory of their supreme sacrifice.

I take this opportunity to send you my warm personal regards and my appreciation of your many and valuable contributions to our common cause.

FRANKLIN D. ROOSEVELT.

Bars Construction Of Non-Essential Plants

Formal instructions barring construction of new war plants unless such facilities are "absolutely essential" and can meet new requirements were issued on May 30 by the War Production Board. The directive, agreed on by the Secretaries of War and the Navy, and Donald M. Nelson, Chairman of the WPB, applies to all war-time construction, both publicly and privately financed, as well as to war plants.

In reporting this action Associated Press Washington advices May 30 said:

"One of the main reasons for the new policy is that all critical materials are needed for war production now," a WPB announcement said, "and no materials can be spared for building facilities except when they are absolutely necessary."

"The policy means simply that, in the light of existing shortages, it is necessary to put materials and effort into planes, ships, tanks and guns now, rather than putting them into plants which would not produce fighting weapons until a much later date."

In addition, WPB emphasized, it will be necessary to make fullest use of all existing plant facilities currently suitable or which can be converted to required use.

Any war facility will not be approved for construction unless:

1. It is essential for the war effort.

2. Postponement of construction would be detrimental to the war effort.

3. It is not practical to rent or convert existing facilities for the purpose.

4. Construction will not result in duplication or unnecessary expansion of existing plants or facilties under construction or about to be built.

5. All possible economies have been made in the project, with all non-essential parts and items deleted.

6. The projects are of the simplest possible type, merely sufficient to meet minimum requirements.

7. Sufficient labor, public utilities, transportation, raw materials, equipment and the like are available to build and operate the plant.

Plans for this action were referred to in these columns of May 21, page 1949.

WPB Given Power to Waive Anti-Trust Acts

Congressional action on the legislation setting up a Smaller War Plants Corporation in the War Production Board with $150,000,000 capital was completed on June 4 when the Senate adopted a conference report, which the House had approved on June 3. The Senate had voted on April 1 for a $100,000,000 capitalization and the House approved on May 26, $200,000,000 the conference committee compromised on $150,000,000. The bill authorizes the corporation to lend funds to convert small plants to war production.

Included in the final version of the bill is a House provision giving Chairman Donald M. Nelson of the WPB statutory authority to permit cooperative industrial programs essential to the war without regard to the anti-trust and Federal Trade Commission laws. Mr. Nelson only would have to "consult" the Attorney General before making such rulings.

Earlier (June 1) the Senate Judiciary Committee had approved a separate bill on the same subject—requiring the WPB to obtain the "approval" of the Attorney General before permitting suspension of anti-trust regulations. However, the Senate finally agreed to the House amendment in the war plants bill. As to this the New York "Journal of Commerce" reported the following from its Washington bureau on June 4:

The Senate approved the measure by almost unanimous voice vote after a mild discussion of anti-trust features of the bill. Senator Norris (Ind., Neb.) argued against giving Donald Nelson virtually full power to except companies from prosecution under the Sherman and the Federal Trade Commission acts when those companies act collectively to aid war production.

"There is nothing in this bill giving the Attorney General the right to veto any of Mr. Nelson's decisions," observed Senator Norris, after noting that the bill requires Mr. Nelson merely to consult with the Attorney General.

In reply, Senator Taft (Rep., Ohio) stated that Attorney General Biddle has testified in hearings on the bill that he did not want that power.

"The Attorney General," said Senator Taft, "testified that he would be satisfied to be able to point out to Mr. Nelson what the effect of business collaboration might be."

Senate approval of this bill ends, it is believed, the controversy over application of anti-trust laws to war production work.

The "small plants" bill as agreed on also retained a House provision making it virtually mandatory for government war agencies to award contracts to small enterprises certified by the WPB as capable of handling them.

House passage on May 26 of the original measure was reported in these columns June 4, page 2125.

June 13 MacArthur Day

Congress has designated June 13 as Douglas MacArthur Day in honor of Gen. MacArthur and all those in the American and Filipino armed forces who served with him and under him in the heroic defense of the Philippine Islands. The resolution, which passed the Senate on May 28 and the House on June 5 requests President Roosevelt to issue a proclamation inviting the public to observe the day with suitable patriotic and public exercises.

June 13 is the 43rd anniversary of the appointment of Gen. MacArthur to the Military Academy at West Point.

Steel Output In May Exceeded April Total

Production of steel during May exceeded the total produced in the shorter month of April and was within a fraction of 1% of the peak set in March of this year, according to a report released on June 9 by the American Iron and Steel Institute. A total of 7,386,890 tons of steel ingots and castings was produced in May, compared with 7,122,313 tons in April and 7,392,911 tons in March.

Steel production last month was 5% higher than in May a year ago, when 7,044,565 tons were produced.

During the month of May, the steel industry operated at an average of 98.2% of capacity, as against 97.7% of capacity in April. In May 1941, when capacity was substantially less than at present, operations averaged 98.5% of capacity.

An average of 1,637,470 tons of steel ingots and castings was produced per week during May, compared with 1,660,213 tons per week in April and 1,590,195 tons per week in May of last year.

PRODUCTION OF OPEN HEARTH, BESSEMER AND ELECTRIC STEEL INGOTS AND STEEL FOR CASTINGS

Period	Estimated Production—All Companies— Total Net tons	Percent of capacity	Calculated weekly production, all companies (net tons)	Number of weeks in month
1942 †				
January	7,124,922	94.7	1,608,335	4.43
February	6,521,056	96.0	1,630,264	4.00
March	7,392,911	98.2	1,668,829	4.43
1st Quarter	21,038,889	96.3	1,635,994	12.86
April	7,122,313	97.7	1,660,213	4.29
May	7,386,890	98.2	1,667,470	4.43
1941 †				
January	6,922,352	96.8	1,562,608	4.43
February	6,230,354	96.5	1,557,589	4.00
March	7,124,003	99.6	1,608,127	4.43
1st Quarter	20,276,709	97.7	1,576,727	12.86
April	6,754,179	97.6	1,574,401	4.29
May	7,044,565	98.5	1,590,195	4.43
June	6,792,751	98.1	1,583,392	4.29
2nd Quarter	20,591,495	98.1	1,582,744	13.01
1st 6 months	40,868,204	97.9	1,579,753	25.87
July	6,812,224	93.3	1,541,227	4.42
August	6,997,496	95.6	1,579,570	4.43
September	6,811,754	96.3	1,591,531	4.28
3rd Quarter	20,621,474	95.1	1,570,562	13.13
9 months	61,489,678	96.9	1,576,658	39.00
October	7,236,068	98.9	1,633,424	4.43
November	6,960,885	98.2	1,622,584	4.29
December	7,150,315	97.9	1,617,718	4.42
4th quarter	21,347,268	98.3	1,624,602	13.14
Total	82,836,946	97.3	1,588,741	52.14

†Based on Reports by Companies which in 1941 made 98.5% of the Open Hearth, 100% of the Bessemer and 87.8% of the Electric Ingot and Steel for Castings Production.

Note—The percentages of capacity operated are calculated on weekly capacities of 1,498,029 net tons open hearth, 128,911 net tons Bessemer and 71,682 net tons electric ingots and steel for castings, total 1,698,622 net tons; based on annual capacities as of Jan. 1, 1942 as follows: Open hearth 78,107,260 net tons, Bessemer 6,721,400 net tons, electric 3,737,510 net tons.

The percentages of capacity operated in the first 6 months are calculated on weekly capacities of 1,430,102 net tons open hearth, 134,187 net tons Bessemer and 49,603 net tons electric ingots and steel for castings, total 1,613,892 net tons; based on annual capacities as of Jan. 1, 1941, as follows: Open hearth 74,565,510 net tons, Bessemer 6,996,520 net tons, electric 2,586,320 net tons. Beginning July 1, 1941, the percentages of capacity operated are calculated on weekly capacities of 1,459,132 net tons open hearth, 130,292 net tons Bessemer and 62,761 net tons electric ingots and steel for castings, total 1,652,185 net tons; based on annual capacities as follows: Open hearth, 76,079,130 net tons, Bessemer 6,793,400 net tons, Electric 3,272,370 net tons.

Labor Bureau's Wholesale Price Index Shows Slight Advance In May 30 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on June 4 that its comprehensive index of nearly 900 price series in primary markets edged fractionally upward during the last week of May. With a gain of 0.1% the all-commodity index reached 98.8% of the 1926 average, the highest point in more than 15 years. Continued increases in prices for agricultural products, particularly livestock, accounted for the advance. In the past 12 months the index has risen 16%.

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes, however, must be considered as preliminary and subject to such adjustment and revision as required by late and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for May 2, 1942, and May 31, 1941, and the percentage changes from a week ago, a month ago, and a year ago.

(1926=100)

Commodity Groups—	5-30 1942	5-23 1942	5-16 1942	5-2 1942	5-31 1941	Percentage changes to May 30, 1942 from— 5-23 1942	5-2 1942	5-31 1941
All Commodities	*98.8	*98.7	*98.5	*98.7	85.2	+0.1	+0.1	+16.0
Farm products	106.0	104.8	104.3	104.8	77.3	+1.1	+1.1	+37.1
Foods	99.4	99.1	98.2	99.9	79.2	+0.3	—0.5	+25.5
Hides and leather products	119.0	119.2	119.8	120.0	107.8	—0.2	—0.8	+10.4
Textile products	97.2	97.2	97.3	97.2	83.2	0	0	+16.8
Fuel and lighting materials	78.9	78.9	78.8	78.6	77.7	0	+0.4	+ 1.5
Metals and metal products	*104.0	*104.0	*104.0	*103.9	98.2	0	+0.1	+ 5.9
Building materials	109.9	110.0	110.1	108.7	100.5	—0.1	+1.1	+ 9.4
Chemicals and allied products	97.3	97.3	97.3	97.1	83.9	0	+0.2	+16.0
Housefurnishing goods	104.5	104.6	104.6	104.6	92.7	—0.1	—0.1	+12.7
Miscellaneous commodities	90.1	90.2	90.2	89.6	79.7	—0.1	+0.6	+13.0
Raw materials	100.6	99.8	98.9	100.1	80.4	+0.8	+0.5	+25.1
Semimanufactured articles	92.7	92.8	92.8	92.5	86.7	—0.1	+0.2	+ 6.9
Manufactured products	*99.1	*99.2	*99.3	99.1	87.6	—0.1	0	+13.1
All commodities other than farm products	*97.3	*97.4	*97.2	97.3	87.0	—0.1	0	+11.8
All commodities other than farm products and foods	*95.9	*95.9	*95.9	95.6	88.2	0	+0.3	+ 8.7

*Preliminary.

Electric Output For Week Ended June 6, 1942 Shows 9.6% 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 June 6, 1942, was 3,372,374,000 kwh., which compares with 3,076,323,000 kwh. in the corresponding period in 1941, a gain of 9.6%. The output for the week ended May 30, 1942, was estimated to be 3,322,651,000 kwh., an increase of 12.5% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— June 6, '42	May 30, '42	May 23, '42	May 16, '42
New England	7.4	14.6	9.8	8.7
Middle Atlantic	5.8	9.2	8.2	8.4
Central Industrial	7.3	12.6	9.0	9.3
West Central	10.4	10.4	8.2	8.2
Southern States	14.2	10.7	15.4	16.7
Rocky Mountain	1.3	7.0	4.6	2.5
Pacific Coast	17.6	22.1	19.2	19.6
Total United States	9.6	12.5	11.2	11.5

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
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
May 30	3,322,651	2,954,647	+12.5	2,477,689	1,381,452	1,615,085
June 6	3,372,374	3,076,323	+ 9.6	2,598,812	1,435,471	1,689,925

From Washington

(Continued from First Page)

be Dictator of Germany and the cause celebre of the present world conflagration, is no more fantastic than the rise of Leon. The day he was named Price Administrator—and we so reported at the time—business circles generally welcomed it. Leon was no radical, the business trade publications reported. And if by being radical means Leftist, I lend my support to that statement.

Business man after business man, down in Washington, has told this writer that he would rather deal with Leon any day than many, if not most of the confused Dollar-a-Year men with whom he came in contact. I don't doubt in the slightest that that is true. Leon is a very sensible fellow, a man who carries more knowledge in his head of a particular industry and of the varied industries of this country, than any man I ever ran into. It is easily understandable why a business man coming down to Washington and talking to Leon would think that there is an understanding fellow and one not to be feared.

But the trouble now seems to be that Leon's organization has overgrown him. Business men coming down to Washington don't see Leon. They see one of his thousands of subordinates. This was inevitable. And there is not the slightest doubt in the world that in talking to most of these subordinates, the business man is liable to be frightened, if not scared to death.

Why is this so? Why wouldn't a man of Leon's temperament, whose only ambition in the world was to get along and be a power but not a radical power, have surrounded himself with men of similar minds?

The answer is right funny. Around the turn of the year 1940-41, just a few weeks after the New Deal had come in for a third term, Leon was one of the advocates of "Business as Usual," a phrase which has been completely turned around since. The New Dealers were the "Business as Usual" boys in those days, in that they were demanding that we not only carry on our all-out aid to Britain policy but that, in the meantime, we continue to build domestically—steel plants, aluminum plants, housing for the underprivileged, recreation grounds—with our inexhaustible resources we were to build not only for Britain but for the American people. We were to spread our abundance of wealth, which apparently has turned out not to be such an abundance after all.

While this school of thought was still prevailing, Mr. Roosevelt, in response to agitation for a new and better and "more coordinated" defense setup, created, as I recall it, the National Defense Advisory Council, and Leon was completely left out of the picture. Leon left town in a huff, went off to commune with himself.

Bear in mind, this "Business as Usual" project of the New Dealers almost frightened industry to death. They visualized the New Dealers building up plants to compete with them after the war. They were against this "Business as Usual," a term which subsequently came to be saddled upon them.

Leon, for some reason or another, in the few weeks in which he was sojourning with himself, and figuring out that he was getting nowhere in the "Business as Usual" crusade, thought out a new idea. It was that if you were not going to have this extended production, this expanded plant capacity—then there had to be control of prices to prevent "inflation." Ah, that is a word with which the bureaucrats have been really going to town, and the things they are doing under its cloak are nobody's business.

Now, why did we have to have this control of prices? Well, without extended and expanded production, the American people would be enjoying a larger income than was their wont and not having the goods to buy, because of non-extended and non-expanded production, would begin bidding against one another for the available goods and thereupon we would have inflation. It's the most logical sounding thing you ever heard of. Leon met Harry Hopkins returning from Europe, sold him this idea, and became Price Administrator.

Well, it so happens that during all of these shenanigans of Leon's, the New Dealers had begun passing around the word that Leon was really not a New Dealer any more, that he had gone off with the Conservatives. What must they think when the Conservatives welcome his job as Price Administrator?

But he is obligated to all these fellows with whom he has been playing ball. As he builds up his vast organization to have a tremendous influence over our lives, these fellows come to him in that attitude of "Now that you've gone conservative, you don't want me." And to reassure them, Leon must say, "You've got me all wrong, come right in."

And that's the way his organization has been built up, and that is what is to be the undoing of Leon.

April Farm Cash Income Far Ahead of Year Ago

Cash income from farm marketings in April totaled $973,000,000 compared with the revised estimate of $901,000,000 in March, and was 46% higher than the $665,000,000 received in April last year, according to the May issue of "The Farm Income Situation," published by the Bureau of Agricultural Economics, U. S. Department of Agriculture. Government payments in March and April are not yet available, but will be brought to date in a future issue of "The Farm Income Situation," it was stated. The Bureau's summary goes on to say:

Income from farm marketings increased somewhat more than usual from March to April. Returns from cotton were increased through the redemption and sale of cotton placed under loan in 1941, whereas income from cotton usually declines from March to April. Income from vegetables and miscellaneous crops in April also was up slightly more than usual. Increased marketings and higher prices of hogs and butterfat and increased marketings of eggs, with but little change in prices, resulted in somewhat more than the usual increase in income from March to April for these products. Income from feed grains declined somewhat more than seasonally because of the smaller quantity of corn placed under loan during April, while returns from other groups of commodities made about the usual seasonal change. The seasonally adjusted index of income from farm marketings rose from 127% of the 1924-29 average in March to 135% in April. The index of income from crops increased from 104 to 114.5%, and the index of income from livestock and livestock products from 147.5 to 154.0%.

The total cash income from farm marketings from January to April, 1942, of $3,712,000,000 was 49% higher than in the first 4 months of 1941. Returns from all groups of commodities were sharply higher than a year earlier.

WPB Construction Bureau Moves To New York City

The Bureau of Construction of the War Production Board, recently established to coordinate all construction functions of the WPB, has removed its headquarters to the Empire State Building, New York City.

Except for a small office staff which will remain in Washington for liaison work, the entire organization under William V. Kahler, Chief of the Bureau, is affected by the change. Thomas L. Peyton, assistant to the Chief, will be in charge of the Washington office.

The Bureau is divided into five operating branches: Project Analysis Branch, Materials Control Branch, Project Service Branch, Housing Branch and Consultation Branch.

From the announcement we also quote:

Direction and decisions of the Bureau will be handled in the New York office.

All contacts with Federal, State and local Government agencies in regard to applications concerning their construction projects are the function of the Bureau of Governmental Requirements, under the direction of Maury Maverick. This Branch, part of the Division of Industry Operations, will remain in Washington.

The facilities of several other agencies of the Government have been made available to the War Production Board for receiving and processing applications for authorization to begin construction.

Treasury Silver For Aluminum War Plants

A dime is still worth ten pennies when it jingles in your pocket, but in building plants to make aluminum for planes to win the war, silver is being substituted in large quantities for copper sorely needed elsewhere, Thomas D. Jolly, chief engineer and director of purchases for the Aluminum Company of America, told the National Association of Purchasing Agents in New York on May 26. Speaking before the NAPA's annual convention, Mr. Jolly, a former President of the Association, described the streamlined methods, standardization of orders and equipment, and substitution of materials which are making possible the construction by this company of 15 large plants for the Defense Plant Corporation at record speed. Although contracts were let only last August, two of the DPC metal-producing plants are already in operation, and three others will come in in the near future, Mr. Jolly said. The first to use large quantities of silver will be the largest aluminum plant in the country, now under construction in the New York area, he added. Mr. Jolly also said:

The government-owned metal-producing plants require about 36,000 tons of copper busbar. If we add the requirements for light and power wiring, motors and other uses, this becomes entirely too much copper for these days of heavy military demand. On the new program, the United States Treasury will loan DPC silver from the vaults of West Point. It will be fabricated by the copper companies and shipped to us ready to install. Present plans call for the use of about 13,000 tons for heavy busbar. At the end of the emergency it is to be returned to the Treasury.

Mr. Jolly, director of construction of a vast aluminum war expansion program which includes 35 major projects for the government and the aluminum company, said that although each of several of the new plants will produce more aluminum than the entire nation produced at its peak in World War I, there will still be not a pound left for civilian use. Alcoa's own expansion, involving $250,000,000, has been substantially completed, he said.

FDR Authorizes Appointing More West Point Cadets

President Roosevelt signed on June 4 legislation authorizing the appointment of 536 more cadets to the United States Military Academy at West Point, bringing the corps strength to 2,496 cadets. The legislation, recommended by Secretary of War Stimson in order to make maximum emergency capacity use of the academy, permits one additional appointment for each Senator, Representative, Delegate in Congress, the Resident Commissioner of Puerto Rico, the District of Columbia and the Panama Canal Governor.

The measure passed the House on May 13 and the Senate, in amended form, on May 19. Compromise legislation was approved by the House on May 27 and by the Senate on May 28.

N. Y. War Bond Pledge Drive Starts June 14

Greater New York's War Bond Pledge Campaign, to consist of a house-to-house canvass by 200,000 "Minute Men," will start on June 14 and extend to June 24, during which time the Treasury Department hopes to exceed the city's quota of $1,900,000,000 in war bond pledges. Prior to the start of the drive, 2,000,000 letters—one to every household in the city's five boroughs—were mailed out appealing to persons receiving incomes to invest in war bonds—"to buy them regularly, month after month, until this war is won." The letters, preparing New Yorkers for the visits of the "Minute Men," contain the story of the war bonds as a sound investment. John T. Madden, Vice-President of the Manufacturers Trust Co. and Chairman of the Greater New York War Bond Pledge Campaign, points out in the letter that no money will be collected during the drive, the Minute Men only securing pledges to buy war bonds and stamps.

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
June 9	118.39	106.21	115.82	113.12	107.44	91.19	95.77	110.88	113.50
8	118.37	106.21	115.82	112.93	107.27	91.48	95.77	110.88	113.50
6	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.51
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
4	118.39	106.21	116.02	112.75	107.44	91.34	95.62	110.70	113.50
3	118.41	106.21	115.82	112.93	107.44	91.34	95.77	110.70	113.50
2	118.33	106.39	116.02	112.75	107.44	91.48	95.77	110.70	113.70
1	118.30	106.39	116.02	112.93	107.44	91.77	95.92	110.88	113.70
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
8	117.79	106.74	116.22	113.12	107.62	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
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	106.92	116.61	114.08	107.98	92.50	97.47	110.88	114.08
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.62	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 June 9, 1941	118.86	106.74	117.20	113.89	107.27	91.34	96.69	110.07	113.50
2 Years ago June 8, 1940	113.12	99.68	113.12	110.52	100.16	79.72	86.78	106.21	107.80

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
June 9	3.38	2.86	3.00	3.31	4.33	4.02	3.12	2.98
8	3.38	2.86	3.01	3.32	4.31	4.02	3.12	2.98
6	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
4	3.38	2.85	3.02	3.31	4.32	4.03	3.13	2.98
3	3.38	2.86	3.01	3.31	4.32	4.02	3.13	2.98
2	3.37	2.85	3.02	3.31	4.31	4.02	3.13	2.97
1	3.37	2.85	3.01	3.31	4.29	4.01	3.12	2.97
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
8	3.35	2.84	3.00	3.30	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
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.02	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 June 9, 1941	3.35	2.79	2.96	3.32	4.32	3.96	3.11	2.98
2 Years ago June 8, 1940	3.77	3.00	3.14	3.74	5.21	4.65	3.38	3.29

* 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.

Moody's Common Stock Yields

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
Year—						
1929	4.0%	4.4%	2.6%	1.7%	3.2%	3.5%
1930	4.9	5.6	3.7	2.8	4.3	4.6
1931	6.4	8.7	5.4	5.0	6.7	6.2
1932	7.3	6.3	8.0	7.0	9.3	7.4
1933	3.7	2.7	6.9	6.1	5.4	4.4
1934	3.4	3.0	6.9	5.6	3.9	4.1
1935	3.5	4.0	6.3	4.8	3.7	4.0
1936	3.4	2.7	4.5	3.5	3.3	3.5
1937	4.8	4.3	5.5	3.6	3.9	4.8
1938	3.9	5.3	6.4	5.0	4.3	4.4
1939	3.9	3.7	5.5	4.4	4.1	4.2
1940	5.3	5.4	5.7	4.4	4.4	5.3
1941	6.3	6.5	6.6	4.7	4.2	6.2
Month—						
January, 1941	6.0	6.2	6.0	4.4	4.2	5.9
February, 1941	6.2	6.2	6.1	4.5	4.3	6.0
March, 1941	6.2	6.2	6.2	4.5	4.2	6.1
April, 1941	6.6	6.3	6.7	4.8	4.4	6.4
May, 1941	6.5	6.5	6.8	4.9	4.3	6.4
June, 1941	6.2	6.4	6.5	4.5	4.2	6.1
July, 1941	5.8	5.9	6.4	4.5	4.0	5.8
August, 1941	5.9	6.0	6.4	4.6	3.9	5.9
September, 1941	5.9	6.3	6.5	4.6	3.9	5.9
October, 1941	6.4	6.5	6.6	5.0	4.1	6.3
November, 1941	6.9	6.8	6.9	5.2	4.1	6.8
December, 1941	7.3	8.2	7.6	5.4	4.5	7.3
January, 1942	7.4	7.2	7.6	5.3	4.5	7.2
February, 1942	7.2	7.4	7.7	5.6	4.6	7.1
March, 1942	7.7	8.2	8.5	6.0	5.0	7.7
April, 1942	7.7	8.3	8.9	6.1	5.3	7.8
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9

Moody's Daily Commodity Index

Tuesday, June 2	228.8
Wednesday, June 3	228.6
Thursday, June 4	229.7
Friday, June 5	229.2
Saturday, June 6	227.6
Monday, June 8	227.1
Tuesday, June 9	227.8
Two weeks ago, May 26	231.7
Month ago, May 9	232.2
Year ago, June 9	198.1
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on June 8 that as of the close of business May 29, there were 1,166 bond issues aggregating $61,956,472,933 par value listed on the New York Stock Exchange with a total market value of $59,257,509,674. This compares with 1,163 bond issues aggregating $60,571,662,883 par value listed on the Exchange on April 30 with a total market value of $57,923,553,616.

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

Group—	Apr. 30, 1942 Market Value $	Average Price $	May 29, 1942 Market Value $	Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	42,752,196,854	105.76	44,133,391,864	105.82
U. S. companies:				
Amusements	34,756,820	99.43	35,507,482	99.62
Automobile	13,461,107	103.16	13,469,068	103,23
Building	17,357,214	93.70	17,215,735	92.94
Business and office equipment	15,075,000	100.50	14,925,000	99.50
Chemical	74,504,750	97.84	75,179,563	98.73
Electrical equipment	36,325,000	103.79	35,950,000	102.71
Financial	58,231,610	99.23	57,418,613	99.89
Food	207,846,047	104.26	222,058,168	103.83
Land and realty	9,335,053	67,97	9,353,100	68.10
Machinery and metals	45,118,317	98.99	45,179,879	99.13
Mining (excluding iron)	92,306,155	57.66	90,141,762	56.94
Paper and publishing	50,863,746	100.15	50,732,342	99.90
Petroleum	596,517,259	102.21	586,345,656	101.78
Railroad	6,549,969,131	63.35	6,364,830,543	61.57
Retail merchandising	12,000,749	78.47	11,727,660	77.71
Rubber	71,963,790	97.94	72,800,765	99.08
Ship building and operating	11,127,840	97.00	11,299,920	98.50
Shipping services	17,585,703	63.46	17,684,317	63.82
Steel, iron and coke	552,625,211	100.20	548,159,660	100.01
Textiles	25,923,310	97.65	26,266,730	98.95
Tobacco	39,782,813	118.15	139,565,967	104.41
Utilities:				
Gas and electric (operating)	3,261,225,966	105.79	3,259,664,000	105.91
Gas and electric (holding)	98,139,642	95.77	100,243,275	97.82
Communications	1,191,843,115	106.21	1,194,913,134	106.49
Miscellaneous utilities	84,495,266	57.36	87,704,945	59.59
U. S. companies oper. abroad	99,012,100	54.46	105,852,556	58.22
Miscellaneous businesses	31,545,000	103.43	31,252,500	102.47
Total U. S. companies	13,298,937,720	77.99	13,225,442,340	77.14
Foreign government	1,174,247,263	52.44	1,197,259,719	53.47
Foreign companies	698,171,779	80.61	701,415,751	81.05
All listed bonds	57,923,553,616	95.63	59,257,509,674	95.64

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

1940—	Market Value $	Average Price $	1941—	Market Value $	Average Price $
Apr. 30	49,611,937,544	92.48	May 30	52,321,710,056	94.22
May 31	46,936,861,020	87.87	June 30	53,237,234,699	94.80
June 29	47,665,777,410	90.14	July 31	53,259,696,637	95.04
July 31	48,601,638,211	90.86	Aug. 30	53,216,867,646	94.86
Aug. 31	49,238,728,732	91.33	Sept. 30	53,418,055,935	94.74
Sept. 30	49,643,200,867	92.08	Oct. 31	55,106,635,894	95.25
Oct. 31	50,438,409,964	92.84	Nov. 29	54,812,793,945	94.80
Nov. 30	50,755,887,399	93.58	Dec. 31	55,033,616,312	94.50
Dec. 31	50,831,283,315	93.84	1942—		
1941—			Jan. 31	56,261,398,371	95.24
Jan. 31	50,374,446,095	93.05	Feb. 28	57,584,410,504	95.13
Feb. 28	50,277,456,796	92.72	Mar. 31	58,140,382,211	95.97
Mar. 31	52,252,053,607	93.73	Apr. 30	57,923,553,616	95.63
Apr. 30	52,518,036,554	94.32	May 29	59,257,509,674	95.64

Fertilizer Association Commodity Index Lower

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on June 8, declined for the third consecutive week. In the week ended June 6, 1942, this index stood at 127.5% of the 1935-39 average compared with 127.7 in the preceding week, 127.9 a month ago, and 107.7 a year ago. The Association's report went on to say:

The sharp decline in the farm products price index was mainly responsible for the downturn in the all-commodity index. While livestock quotations were only slightly higher, grains sagged to the lowest point reached since December, 1941, and cotton dropped to the March levels. A recession in the textile index was due to lower prices for raw cotton. The fertilizer materials index was slightly lower, due to declining prices for cottonseed meal and fish scrap. Lower cattle feed and linseed meal quotations were responsible for a drop in the miscellaneous commodity price index. The building materials index was slightly lower. The fuel index moved to higher levels last week as a result of an upturn in the price of gasoline. The food index remained unchanged, with 4 items included in the group advancing and 5 declining.

During the week price declines outnumbered price advances 18 to 8; in the preceding week prices of 13 commodities declined and 10 advanced; in the second preceding week there were 12 advances and 12 declines.

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

% Each Group Bears to the Total Index	Group	Latest Week June 6 1942	Preceding Week May 30 1942	Month Ago May 2 1942	Year Ago June 7 1941
25.3	Foods	125.6	125.6	126.1	102.5
	Fats and Oils	137.0	138.7	138.7	110.8
	Cottonseed Oil	158.4	163.0	159.3	122.0
23.0	Farm Products	135.5	136.5	136.8	103.9
	Cotton	182.7	187.5	190.5	125.4
	Grains	111.6	114.1	113.8	95.3
	Livestock	132.3	132.2	132.3	101.9
17.3	Fuels	119.7	119.5	119.2	107.2
10.8	Miscellaneous commodities	127.6	r127.8	127.9	116.3
8.2	Textiles	148.2	148.9	149.1	128.5
7.1	Metals	104.4	104.4	104.4	103.4
6.1	Building materials	151.6	151.7	151.6	117.1
1.3	Chemicals and drugs	120.7	120.7	120.7	105.0
.3	Fertilizer materials	118.5	118.7	118.7	104.7
.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	127.5	127.7	127.9	107.7

*Indexes on 1926-1928 base were: June 6, 1942, 99.3; May 30, 99.5; June 7, 1941, 83.9. r Revised.

Tightens Dimout Rules

New and more severe dimout regulations for the Second Corps Area in order to prevent silhouetting of ships at sea were issued on June 1 by Major Gen. T. A. Terry, commanding the area. The regulations apply to all of New York City, Suffolk and Nassau Counties, part of Westchester County and coastal counties of New Jersey and Delaware.

The rules provide that all lights normally visible from the sea shall be dimmed or shaded in such a manner that they will not be visible under any condition at a distance of more than one mile from the shore. Provision is also made that throughout the area all exterior lights used for traffic guidance and for security measures be reduced in volume and number of wattage so that direct rays shall not shine at an angle above horizontal. All windows and skylights under the order must be screened or shaded so as to prevent direct rays of light escaping. The regulations also ban all illuminated exterior advertising signs.

The first regulations for the Second Corps Area were referred to in these columns April 30, page 1710.

Over-Zealous War Bond Sales Vetoed By Treasury

Secretary of the Treasury Morgenthau on June 1 took steps to intercept any over-zealous sales methods in connection with the current War Savings Bonds and Stamps Quota Campaign. In a memorandum sent to War Savings Staff State Administrators and their thousands of volunteer assistants, the Secretary pointed out that the current Savings Campaign enjoys the confidence of the American people and that "this goodwill is a priceless asset." The Secretary further said:

> Every case of intimidation, threat or coercion in promoting the sale of War Savings Bonds and Stamps will tend to undermine public confidence in the sincerity of our intention to make this a truly voluntary effort. It is therefore against Treasury policy for anyone connected with the War Savings Staff, or acting under its auspices, to use intimidation or threats of any kind to induce people to sign pledges, payroll authorization cards, or Bond applications.

Although stating that the number of such over-zealous persons, acting in behalf of the War Savings Campaign, has thus far been negligible, the Secretary's memorandum declared that continued success of the drive depended upon a democratic and voluntary program and that "we must therefore be on guard against doing anything by word or action that will endanger or undermine it."

House Extends 3½% Farm Mortgage Interest Rate

Legislation extending for another two years the 3½% interest rate on farm mortgages held by Federal farm agencies was passed by the House on May 26 and sent to the Senate. The rate, in effect since 1935, expires on July 1. Approval came on a voice vote after several Representatives from the farm States suggested that the rate should be even lower than 3½%.

This law was first passed in 1933 but it then provided for a 4½% interest rate on loans through the Federal Land Banks or through the Federal Farm Mortgage Corp. In 1935 the rate was lowered to 3½%. This rate was continued in 1937 and 1938 over Presidential veto and in 1940 the law was renewed for two years with the President's approval.

Automobile Financing Down 7% In Month Diversified Financing Also Lower

A decrease of 7% from March 1942, to April 1942, in the number of new passenger cars financed by sales finance companies was announced on June 3 by J. C. Capt, Director of the Census. The dollar volume of paper acquired in the financing of new passenger cars decreased 9%. For new commercial cars, the number financed and the volume of paper acquired decreased 30% and 31% respectively. Used passenger cars financing decreased 18% for the number of cars and 23% for the dollar volume, while used commercial car financing decreased 21% and 16% respectively.

During April 1942, retail automotive outstandings of sales finance companies decreased 9%, which is identical to the percentage decrease during the previous month.

The volume of paper acquired by sales finance companies in wholesale financing decreased 53% for new cars and 40% for used cars from March to April of this year. The outstanding balances for wholesale automotive financings decreased 5% during April, marking the beginning of the downward swing from the high in February.

In retail diversified financing, the volume of paper acquired by sales finance companies decreased in all cases except for residential building repair and modernization, which increased 7%, in the period from March to April of 1942. The financing of radios, pianos, and other musical instruments decreased 49%, closely followed by a drop of 47% in the financing of refrigerators. The financing of household appliances, of furniture, and of industrial, commercial, and farm equipment decreased 32%, 10% and 9% respectively. In wholesale diversified financing the volume of paper acquired by sales finance companies was down 41% from March to April of this year.

Diversified outstanding balances held by sales finance companies recorded only slight reductions during April. Retail outstanding balances for other consumers' goods were reduced 3% for the fourth successive month, while the balances for industrial, commercial, and farm equipment were down 6%.

The ratios of the paper acquired during April 1942 to the outstanding balances as of April 30, 1942, are 3% for retail automotive, 5% for wholesale automotive, 6% for retail-other consumers' goods, 12% for industrial, commercial, and farm equipment, and 21% for wholesale—other than automotive.

These data on the current trends of sales financing for the month of April are based on reports for March and for April from 282 sales finance companies. Neither the dollar volumes nor the indexes should be used to indicate the total amount of financing by all sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. The data are not comparable to those published for previous months, since monthly reports are not received each month from identical sales finance companies. All indexes for April were obtained by calculating the percent changes from March to April, as shown by reports for March and for April from sales finance companies reporting comparable data, and by linking these percentages to the indexes previously derived for March, 1942.

Sales—Finance Companies

AUTOMOTIVE AND DIVERSIFIED FINANCING

Volume of Paper Acquired During April 1942 and Balances Outstanding April 30, 1942

Class of Paper—	Dollar volume of paper acquired during April, 1942: By all companies*	Dollar volume of paper acquired during April, 1942: By all companies reporting outstanding balances†	Outstanding balances Apr. 30, 1942†	Ratio of paper acquired to outstand'g balances‡
Total retail automotive	$29,847,719	$29,385,435	$877,982,918	3
Total wholesale automotive	18,493,114	18,416,680	358,345,499	5
Total wholesale—other than automotive	1,422,379	1,340,170	6,491,522	21
Total retail—other consum. goods	14,616,574	14,325,449	257,050,978	6
Industrial, commercial and farm equipment	1,108,264	1,092,910	9,414,114	12
Total sales financings	$65,488,050	$64,560,644	$1,509,285,031	4

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

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

‡Ratios obtained by dividing paper acquired by outstanding balances for an identical group of firms.

AUTOMOTIVE FINANCING *

Number of Cars Financed and Volume of Paper Acquired During April, 1942

Class of Paper—	Number of cars: Number	Number of cars: % of total	Volume: Dollars	Volume: % of total
Total retail automotive	76,387	100	†$29,546,104	100
New passenger cars	4,699	6	3,622,243	12
New commercial cars	718	1	776,167	3
Used passenger cars	67,478	88	23,731,609	80
Used commercial cars	3,492	5	1,416,085	5
Total wholesale automotive	----	--	†$17,306,668	100
New cars (passenger and commercial)	----	--	13,272,672	77
Used cars (passenger and commercial)	----	--	4,033,996	23

*Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. †These amounts are less than those reported in column 1 of above table, due to the inclusion in that table of data from the sales fiance companies that could not provide a breakdown.

DIVERSIFIED FINANCING *

Volume of Paper Acquired During April 1942

Class of Paper—	Dollar volume	% of total
Retail—other consumers' goods:		
Furniture	$267,792	3
Radio, television sets, pianos & other musical instruments	184,011	2
Refrigerators (gas and electric)	1,104,491	13
Other household appliances	407,013	5
Residential building repair and modernization	3,557,649	41
Miscellaneous retail	591,825	7
Total retail—other consumers' goods	†$6,112,781	71
Total wholesale—other than automotive	1,422,379	16
Industrial, commercial, and farm equipment	1,108,264	13
Total diversified financing	$8,643,424	100

*Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. †This amount is less than that reported in column 1 of table on "Automotive and Diversified Financing" due to the inclusion in that table of data from the sales finance companies that could not provide a breakdown.

Steel Output Unchanged At 99.3% of Capacity—More Strip Mills Being Converted—Orders Off

Steel plate production in the United States finally has topped the million-ton mark for a single month, an accomplishment which is well worth recording in view of the great demand for ship plates and the rising total of ship sinkings off the East Coast, says "The Iron Age," in its issue of today (June 11), further adding: "May plate shipments totaled 1,012,194 tons and deliveries to shipyards in that month for the Maritime Commission exceeded 300,000 tons, representing distinct progress in efforts to bring together the gap between ship sinkings and new ship construction. (These are statistics vital to Americans.)

"Plate production from continuous strip mills, which in peacetime rolled vast quantities of steel for automobiles, contributed heavily to May plate output, the volume from such mills rising to 425,211 tons compared with 337,519 tons in April. Further conversions of strip mills under way will help push plate production to well above the million-ton mark. This unprecedented output of plates has been made to some extent at the expense of sheet mill tonnage. Sheet tonnage on some strip mill order books continues to increase, a result of priorities, although it cannot possibly be produced. This situation seems to call for War Production Board action in reallocating such orders. Already some highly rated sheet business is frozen because of plate demand while sheet bookings of less urgency are being rolled elsewhere.

"Interest in the new National Emergency steel is growing rapidly, and manufacturers have started substantial production of this new steel to meet increasing orders from customers who have been having considerable difficulty getting the old nickel alloy steels.

The American Iron and Steel Institute on June 8 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 99.3% of capacity for the week beginning June 8, compared with 99.3% one week ago, 99.6% one month ago and 98.6% one year ago. This represents no change from the preceding week. The operating rate for the week beginning June 8 is equivalent to 1,686,700 tons of steel ingots and castings, compared to 1,686,700 tons one week ago, 1,691,800 tons one month ago, and 1,591,300 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets on June 8 stated in part: "Current orders for steel are being received in smaller number, though usually for larger tonnages and longer periods. This affords no relief to steelmakers, as books are crowded with sufficient business to keep them busy for many months.

"While new orders have declined, mills are receiving specifications against A-1-a contracts in heavier volume, in many cases exceeding shipments.

"Forthcoming revision of Priorities Regulation No. 3 will require more than 10,000 companies, including most of those handling large war contracts, to operate under Production Requirements Plan after July 1. It is announced that all but a few classes of companies needing more than $5,000 worth of metal for third quarter must apply for priority assistance under PRP before July 1.

"Pig iron distribution in June has been the heaviest for some time as more consumers obtain war work. Pig iron output is being advanced steadily, many stacks making new records month by month.

"Flood of scrap is sufficient in nearly all steelmaking districts to support the high rate of production and also to provide reserves. In some cases dealers are receiving more than they can prepare with labor forces available. It is being allowed to accumulate for later preparation. No large reserves have yet been built but the situation is much more comfortable than for many months.

"Attainment of War Production Board's goal in iron ore movement is indicated by the record tonnage moved in May, 12,677,356 gross tons, which was 1,596,157 tons, or 14.4%, over May, 1941. For the season to June 1 a total of 21,327,064 tons was shipped, 3,291,072 tons, 18.25%, over the same period last year. Each of the three months since navigation opened has set a record."

Construction $274,971,000 For Week

Engineering construction volume for the week totals $274,971,000, the second highest value reported for the current year, and the third highest on record as reported by "Engineering News-Record" on June 4. The near-record volume is 68% higher than last week, and 108% above the volume for the corresponding 1941 week. Public construction reaches the third highest peak ever attained, and is 64% and 161% higher, respectively, than a week ago and a year ago. Private work gains 190% over the preceding week, but is 52% below the week a year ago.

The current week's construction brings the 1942 total to $4,211,327,000, an increase of 77% over the volume for the corresponding 23-week period in 1941. Private construction, $316,612,000, is 53% under last year, but public construction is 127% higher as a result of the 222% increase in federal work.

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

	June 5, 1941	May 28, 1942	June 4, 1942
Total construction	$132,570,000	$163,227,000	$274,971,000
Private construction	33,172,000	5,458,000	15,851,000
Public construction	99,398,000	157,769,000	259,120,000
State and municipal	52,000,000	12,336,000	10,509,000
Federal	47,398,000	145,433,000	248,611,000

In the classified construction groups, gains over last week are in waterworks, sewerage, industrial, commercial and public buildings, earthwork and drainage, and streets and roads. Increases over the 1941 week are in waterworks, sewerage, industrial and public buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $2,678,000; sewerage, $3,069,000; bridges, $1,020,000; industrial buildings, $11,371,000; commercial buildings; $4,079,000; public buildings, $179,207,000; earthwork and drainage, $25,749,000; streets and roads, $11,529,000; and unclassified construction, $36,269,000.

New capital for construction purposes for the week, $4,484,000, is 58% below the total for the week last year. The current week's new financing is made up of $4,478,000 in State and municipal bond sales, and $6,000 in RFC loans for public improvements.

New construction financing for the year to date totals $6,823,307,000, a gain of 108% over the $3,282,484,000 reported for the 23-week period last year.

Market Value Of Stocks On New York Stock Exchange Higher On May 29

The New York Stock Exchange announced on June 3 that as of the close of business May 29, there were 1,242 stock issues aggregating 1,469,388,445 shares listed on the Exchange, with a total market value of $32,913,725,225. This compares with 1,241 stock issues, aggregating 1,469,204,098 shares, with a total market value of $31,449,206,904 on April 30 and with 1,234 stock issues, aggregating 1,463,343,927 shares, listed on the Stock Exchange on May 31, 1941, with a total market value of $37,815,306,034.

In making public the figures the Exchange said:

As of the close of business May 29, New York Stock Exchange member total net borrowings amounted to $324,410,876. The ratio of these member borrowings to the market value of all listed stocks on that date was, therefore, 0.99%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value.

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

Group	May 29, 1942 Market Value $	May 29, 1942 Average Price $	April 30, 1942 Market Value $	April 30, 1942 Average Price $
Amusement	256,127,652	12.14	236,659,259	11.22
Automobile	2,733,474,119	22.81	2,548,109,177	21.27
Aviation	473,880,855	13.71	484,189,143	14.00
Building	375,929,756	17.25	359,613,795	16.50
Business & office equipment	246,668,628	21.00	235,438,479	20.04
Chemical	4,563,597,104	47.77	4,359,945,368	45.64
Electrical equipment	1,094,017,929	27.60	1,020,395,498	25.74
Farm machinery	525,301,393	40.09	494,545,480	37.74
Financial	642,537,798	12.64	594,427,010	11.78
Food	2,143,820,816	23.01	2,001,922,994	21.49
Garment	34,647,526	20.69	32,574,446	19.45
Land & realty	14,237,303	2.93	13,956,783	2.87
Leather	168,649,781	20.13	166,168,492	19.80
Machinery & metals	1,137,220,030	16.61	1,105,899,414	16.17
Mining (excluding iron)	1,161,619,411	19.65	1,182,986,086	20.01
Paper & publishing	321,823,507	14.53	322,634,165	14.57
Petroleum	3,337,479,207	17.39	3,168,792,104	16.49
Railroad	2,544,988,061	22.56	2,588,684,975	22.95
Retail merchandising	1,691,261,406	23.06	1,534,763,933	20.93
Rubber	303,927,421	28.70	274,673,885	25.94
Ship building & operating	85,944,410	18.03	89,025,334	18.68
Shipping services	8,096,922	4.41	8,023,105	4.37
Steel, iron & coke	1,817,356,333	35.75	1,878,946,380	36.96
Textiles	309,986,053	22.10	294,943,029	21.03
Tobacco	989,507,862	37.01	885,221,929	33.11
Utilities:				
Gas & electric (operating)	1,449,588,448	15.69	1,370,059,697	14.83
Gas & electric (holding)	592,980,295	6.19	556,963,986	5.81
Communications	2,607,642,149	62.36	2,416,575,155	57.79
Miscellaneous	69,114,906	9.43	64,928,391	8.86
U. S. companies oper. abroad	429,544,670	13.05	427,442,576	12.98
Foreign companies	688,278,918	17.00	639,961,594	15.81
Miscellaneous businesses	94,474,556	16.09	90,735,242	15.46
All Listed Stocks	32,913,725,225	22.40	31,449,206,904	21.41

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

	Market Value $	Average Price $		Market Value $	Average Price $
1940—			1941—		
Feb. 29	46,058,132,499	31.96	Apr. 30	37,710,958,708	25.78
Mar. 30	46,694,763,118	32.34	May 31	37,815,306,034	25.84
Apr. 30	46,769,244,271	32.35	June 30	39,607,836,569	27.07
May 31	36,546,583,208	25.26	July 31	41,654,256,215	28.46
June 29	38,775,241,138	26.74	Aug. 30	41,472,032,904	28.32
July 31	39,991,865,997	27.51	Sept. 30	40,984,419,434	28.02
Aug. 31	40,706,241,811	28.00	Oct. 31	39,057,023,174	26.66
Sept. 30	41,491,698,705	28.56	Nov. 29	37,882,316,239	25.87
Oct. 31	42,673,890,518	29.38	Dec. 31	35,785,946,533	24.46
Nov. 30	41,848,246,961	28.72	1942—		
Dec. 31	41,890,646,959	28.80	Jan. 31	36,228,397,999	24.70
1941—			Feb. 28	35,234,173,432	24.02
Jan. 31	40,279,504,457	27.68	Mar. 31	32,844,183,750	22.36
Feb. 28	39,398,228,749	27.08	Apr. 30	31,449,206,904	21.41
Mar. 31	39,696,269,155	27.24	May 29	32,913,725,225	22.40

SEC Reports 15 Security Issues Totaling $123,059,000 Registered In April

The Securities and Exchange Commission announces that 13 registration statements, covering 15 issues of securities for an aggregate amount of $123,059,000, became effective under the Securities Act of 1933 during April, according to an analysis prepared by the Research and Statistics Subdivision of the Trading and Exchange Division. Securities proposed for sale by issuers amounted to $111,647,000, including the $100,000,000 debenture issue of American Tobacco Co. The Commission under date of May 22, added:

Although the volume of securities resigstered by issuers for sale during April was low, the net proceeds to be applied to new money purposes—$60,313,000—were larger than the monthly average for any calendar year since 1936. Issuers proposed to use $53,226,000 for additional working capital, while $7,088,000 was to be used to purchase new plant and equipment. Retirement of indebtedness accounted for $46,744,000, and purchase of securities took $1,334,000.

Securities to be underwritten aggregated $102,750,000, or 92% of all securities registered for the account of issuers for sale. Issuers planned to distribute $3,722,000 of securities, while $5,175,000 were to be offered through agents. Compensation to underwriters was at an average rate of 1.9%, compared with 5.1% on those offered through agents.

The following table is supplied by the Commission:

EFFECTIVE REGISTRATIONS UNDER THE SECURITIES ACT OF 1933
By Types of Securities—April, 1942

Type of Security	Total Securities Effectively Registered: No. of Issues	Total Securities Effectively Registered: Amount	Total, Less Securities Reserved for Conversion or Substitution: Amount	Percent Apr., 1942	Percent Avg. 1941	Securities Proposed For Sale by Issuers: Amount	Percent Apr., 1942	Percent Avg. 1941
Secured bonds	0	------	------	---	33.4	------	---	36.9
Unsecured bonds	1	$100,000,000	$100,000,000	82.5	24.8	$100,000,000	89.6	31.4
Face amt. certificates	0	------	------	---	6.4	------	---	8.1
Preferred stock	4	6,990,000	5,870,000	4.9	11.1	5,870,000	5.3	8.3
Common stock	8	15,572,711	14,822,711	12.2	20.6	5,288,336	4.7	12.1
Certificates of participation, beneficial interest, etc.	1	488,700	488,700	0.4	2.6	488,700	0.4	3.2
Warrants or rights	0	------	------	---	1.1	------	---	0.0
Substitute secur. (v.t. ctfs. & ctfs. of dep.)	1	7,315	------	---	---	------	---	---
Grand total	15	$123,058,726	$121,181,411	100.0	100.0	$111,647,036	100.0	100.0

May Construction 37% Over Previous Peak

The May heavy engineering construction total eclipsed all previous records in piling up a volume of $1,044,572,000 for the four weeks of the month, according to "Engineering News-Record" on June 3. The May volume averaged $261,143,000 for each of the four weeks, a 37% increase over the previous peak average reported for the five weeks of July, 1941, a gain of 45% over the five-week April, 1942, average, and 219% above the average for the five weeks of May, 1941.

Construction volumes for May, 1941, last month and the current month are:

	May, 1941 (five weeks)	April, 1942 (five weeks)	May, 1942 (four weeks)
Total construction	$409,371,000	$898,696,000	$1,044,572,000
Private construction	125,280,000	63,732,000	49,325,000
Public construction	284,091,000	834,964,000	995,247,000
State and municipal	121,321,000	66,036,000	55,847,000
Federal	162,770,000	768,928,000	939,400,000

The first billion-dollar month in the history of engineering construction brought the volume for the initial five months of 1942 to $3,936,356,000, a new peak 75% above the total for the period last year, and almost equal to the total for the entire year of 1940.

Just over 85% of the volume, $3,348,013,000, was federally-financed construction, 214% above the former high recorded for the five-month period a year ago. State and municipal work totaled $287,582,000, a decline of 47% from last year. Despite the sharp decline in non-Federal work, the public volume reached the unprecedented total of of $3,635,595,000, 125% higher than in the 1941 period Private engineering construction was $300,761,000 for the five months, a drop of 53% from the preceding year.

Approximately seven-tenths of the 1942 cumulative total was concentrated in building construction. The building volume, $2,778,724,000, was double that reported for the corresponding 1941 period and included $2,505,277,000 in public buildings, $152,870,000 in commercial building and large-scale private housing, and $120,577,000 in industrial buildings. The latter two classes of building construction were 41% and 56% lower than 1941, in that order, but public buildings climbed 193%.

Waterworks construction was up 36%, compared, with the five months of 1941; earthwork and drainage rose 136%, and unclassified construction climbed 68%, while all other classes of work were lower.

New Capital

New capital for construction purposes for May reached the record high of $4,360,002,000. This compares with $223,996,000 for the corresponding month in 1941. Ninety-nine percent of the month's financing, $4,314,000,000, was in Federal appropriations for military construction. Private investment totaled $29,952,000, and the balance, $16,050,000, was in RFC loans for public improvements and industrial plant expansion.

The month's record new construction financing brought the volume to $6,818,823,000 for the five months, an increase of 108% over the $3,271,780,000 for the period last year.

Weekly Statistics Of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity Current*	*Percent of Activity Cumulative*
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
May 23	120,224	140,650	316,443	81	97
May 30	113,059	132,901	288,516	77	96

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.

April Hotel Sales Higher

In its monthly analysis of the trend of business in hotels, made available in their June bulletin, Horwath & Horwath, New York public accountants, state that the total sales in April were up 9% over last year, compared with 6% in March. A rise of 8% in room sales is 2 points more than that last month, while one of 11% in total restaurant sales is 4 points more. Again the restaurant pick-up was more in beverages than in food. Total occupancy was 71%, a rise of 2 points over April, 1941, and the total average rate was up 5%. The following statistics are supplied:

APRIL, 1942, COMPARED WITH APRIL, 1941

	Sales, Increase or Decrease: *Total	Rooms	Total Restaurant	Food	Beverages	Occupancy Apr., 1942	Occupancy Apr., 1941	†Room Rate Increase or Decr.
New York City	+ 8%	+ 7%	+ 9%	+ 7%	+14%	71%	68%	+ 2%
Chicago	+19	+17	+20	+20	+20	70	66	+10
Philadelphia	+20	+24	+16	+14	+19	67	58	+ 8
Washington	+ 6	— 2	+10	+ 3	+30	88	88	— 2
Cleveland	+17	+16	+18	+17	+19	80	76	+10
Detroit	+13	+20	+ 6	+ 5	+ 7	78	70	+ 7
Pacific Coast	+15	+11	+18	+12	+35	68	64	+ 5
Texas	+ 6	+ 7	+ 4	+ 3	+ 9	81	77	+ 2
All Others	+ 8	+ 6	+10	+ 6	+17	70	70	+ 6
Total	+ 9%	+ 8%	+11%	+ 8%	+19%	71%	69%	+ 5%
Year to Date	+ 7%	+ 6%	+ 8%	+ 6%	+12%	70%	69%	+ 4%

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

No Needless Phones

Preferred applicants for new telephone service must demonstrate that the service is necessary to discharge the war or essential public activity in which they are engaged, the War Production Board ruled on June 2 in Interpretation No. 1 of General Conservation Order L-50. The WPB explained:

Order L-50, as amended, places general restrictions on the types of telephone service which can be installed by telephone companies throughout the country, and sets up a classification of persons engaged in war or necessary public activity who may obtain preferential treatment in obtaining new service or a change of service.

Under the interpretation, it is made clear that persons in the preferred category can not obtain service merely on the ground that they are engaged in war or essential civilian work, but also must show that the service desired is essential to the discharge of their responsibility for public health, welfare or security.

The interpretation is intended to clear up doubts raised by essential users as to their status, and has no bearing on applications for service of persons not included in the essential category. Applications of nonessential users are controlled by the capacity of telephone companies as limited by L-50.

The original order was referred to in these columns April 30, page 1710.

Freight Forwarders Are Placed Under ICC Control

President Roosevelt signed on May 16 the bill amending the Interstate Commerce Act to provide for the regulation of freight forwarders along the same general lines that other carriers of freight have been regulated. The bill gives the ICC the right to fix rates and requires that freight forwarders obtain permits before they may engage in business. Heretofore freight forwarders have never been regulated. Final Congressional action on the measure came on May 11 when the House adopted a conference report, which the Senate had approved on May 7. The bill had been originally passed by Congress at last year's session but was delayed in conference until recently.

Illinois Ins. Dept. Changes

The resignation of R. T. Nelson, Chief Deputy of the Illinois Department of Insurance for the past eight years, is announced by Director Paul F. Jones. Mr. Nelson will remain with the Department for the time being, however, in order to complete certain studies now being conducted by the Department. Two members of the Department's staff will be promoted effective June 1st; N. P. Parkinson, of Decatur, who for the past year has been serving as Assistant Director of Insurance, has been advanced to become Chief Deputy to Director Jones; and Clarence M. Kinney, of Chicago, has been advanced from Special Deputy in the Department of Insurance, to become Assistant Director. The new appointments were made by Governor Dwight H. Green effective June 1.

Mtg. Loan Power Extended

President Roosevelt has signed the legislation which extends until July 1, 1943, the authority of the Federal Land Bank Commissioner to make loans on behalf of the Federal Farm Mortgage Corporation. The authority would have expired on June 1.

Final Congressional action on the measure was noted in these columns June 4, page 2117.

Daily Average Crude Oil Production For Week Ended May 30, 1942 Increased 278,300 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 30, 1942, was 3,877,300 barrels, an increase of 278,300 barrels over the preceding week and 91,200 barrels higher than in the corresponding week of last year. It was also 402,800 barrels in excess of 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, 3,522,000 barrels of crude oil daily during the week ended May 30, 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, 95,355,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,478,000 barrels during the week ended May 30, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations May	*State Allowables Beginning May 1	—Actual Production— Week Ended May 30 1942	Change From Previous Week	4 Weeks Ended May 30 1942	Week Ended May 31 1941
Oklahoma	438,500	438,500	†383,250	+ 3,000	389,100	413,350
Kansas	259,300	259,300	†256,500	+ 250	254,350	208,900
Nebraska	4,500	------	†4,000	— 50	3,950	4,300
Panhandle Texas			98,000	+ 10,000	87,150	77,800
North Texas			155,950	+ 10,350	148,700	129,650
West Texas			210,000	+ 53,300	185,850	259,100
East Central Texas			100,050	+ 12,950	86,300	79,500
East Texas			495,000	+124,400	329,350	373,700
Southwest Texas			165,950	+ 52,750	135,200	209,850
Coastal Texas			324,850	+ 82,750	251,550	276,650
Total Texas	960,000	‡1,493,800	1,549,800	+346,500	1,224,100	1,406,250
North Louisiana			86,550	+ 650	84,500	73,200
Coastal Louisiana			208,150	— 11,150	219,150	252,600
Total Louisiana	298,600	321,100	294,700	— 10,500	303,650	325,800
Arkansas	74,000	72,191	72,750	+ 1,900	71,500	73,200
Mississippi	48,100		†82,000	— 3,550	86,200	27,500
Illinois	329,200		288,450	— 7,850	294,050	341,200
Indiana	17,900		†21,300	— 550	21,600	22,000
Eastern (not incl. Ill. & Ind.)	105,400		101,000	+ 2,750	98,900	94,150
Michigan	60,500		64,400	+ 2,300	64,350	38,000
Wyoming	98,300		93,350	— 1,800	93,400	85,150
Montana	25,200		21,700	— 50	21,700	19,050
Colorado	7,900		6,350	— 350	6,850	4,000
New Mexico	73,300	73,300	54,450	------	62,600	113,050
Total East of Calif.	2,800,700		3,294,000	+326,000	2,996,300	3,175,900
California	673,800	§673,800	583,300	— 47,700	629,850	610,200
Total United States	3,474,500		3,877,300	+278,300	3,626,150	3,786,100

*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.

†Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. May 27.

‡This is the net basic 16-day allowable for the period May 16 to 31, inclusive. Under the order of May 15 all fields are permitted to produce on 13 out of 16 days, there being only a small exemption from the shutdown ordered for May 16, 17 and 18 in fields whose oil is considered necessary for the war effort.

§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 30, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

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	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,519	63.7	4.441	44,020	15,024	16,882
Appalachian	174	84.5	159	91.4	473	3,422	446	620
Ind., Ill., Ky.	784	84.9	778	99.2	2,462	19,294	2,759	3,091
Okla., Kansas, Mo.	418	81.1	360	86.1	1,136	8,893	1,069	1,615
Rocky Mountain	138	50.7	90	65.2	335	2,530	325	572
California	787	90.9	616	78.3	1,631	17,196	11,761	56,848
Tot. U. S. B. of M. basis May 30, 1942	4,684	86.9	3,522	75.2	10,478	†95,355	31,384	79,628
Tot. U. S. B. of M. basis May 23, 1942	4,684	86.9	3,393	72.4	10,042	97,034	30,614	79,442
U. S. Bur. of Mines basis May 31, 1941			3,759		12,349	93,156	35,373	91,370

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

†Finished 88,042,000 bbls.; unfinished 7,313,000 bbls. ‡At refineries, at bulk terminals, in transit and in pipe lines.

Statutory Debt Limit As of May 31, 1942

The Treasury Department made public on June 3 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on May 31, 1942, totaled $70,156,382,832, thus leaving the face amount of obligations which may be issued subject to the $125,000,000,000 statutory debt limitation at $54,843,617,168. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($70,156,382,832) should be deducted $2,150,038,361 (the unearned discount on savings bonds), reducing the total to $68,006,344,471 and to this figure should be added $564,263,110 the other public debt obligations outstanding which, however, are not subject to the statutory limitation. Thus, the total gross debt outstanding as of May 31 was $68,570,607,581.

The following is the Treasury's report for May 31:

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $125,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$125,000,000,000
Outstanding as of May 31, 1942:			
Interest-bearing:			
Bonds—			
Treasury	$38,084,566,300		
Savings (maturity value)*	11,719,073,675		
Depositary	77,491,000		
Adjusted service	729,867,807		
		$50,610,998,782	
Treasury notes	$12,588,353,800		
Certificates of indebtedness	4,606,583,000		
Treasury bills (maturity value)	2,256,576,000		
		19,451,512,800	
		$70,062,511,582	
Matured obligations, on which interest has ceased		93,871,250	
			70,156,382,832
Face amount of obligations issuable under above authority			$54,843,617,168

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY, MAY 31, 1942

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act, as amended		$70,156,382,832
Deduct, unearned discount on savings bonds (difference between current redemption value and maturity value)		2,150,038,361
		$68,006,344,471
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (pre-war, etc.)	$195,990,180	
Matured obligations on which interest has ceased	11,231,630	
Bearing no interest	357,041,300	
		564,263,110
Total gross debt outstanding as of May 31, 1942		$68,570,607,581

*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement, $9,569,035,314.

Non-Ferrous Metals—Quicksilver Price Lower—Domestic Chrome Specifications Eased

"E & M J Metal and Mineral Markets" in its issue of June 4 stated: "Despite heavy war demands, offerings of quicksilver by domestic producers have increased and business is being transacted at several dollars a flask under the maximum set by OPA. Metals Reserve again has lowered its standard on purchases of domestic chrome ore. Complete allocation of beryllium has been ordered. Extension of the right to make emergency purchases of foreign war materials for entry into the United States free of duty was granted by President Roosevelt, on June 1, to the Secretaries of War, Commerce, Agriculture, and the Treasury. Heretofore, only the Secretary of the Navy could make such purchases under a law enacted in 1914. The order will remain in force until termination of the War Powers Act of 1941." The publication further went on to say in part:

Copper

Deliveries of copper to domestic consumers during June may top the record established in May last year, based on estimates in the trade. Domestic consumers obtained copper on the 12c. Valley basis, and foreign metal was purchased by Metals Reserve at the equivalent of 11¾s. f.a.s. United States ports.

Lead

The tonnage for the June "pool" was allocated early in the week. With Mexican production expected to increase because of the agreement to purchase supplies from that country on better terms, and imports from other countries large, the supply outlook for the present is generally regarded as excellent. Quotations were unchanged.

Manufacturers of lead-covered cable in the United States used 173,000 tons of lead during 1941, according to an estimate by the American Bureau of Metal Statistics. This compares with 107,285 tons in 1940 and 74,371 tons in 1939. The figures cover use of lead for all kinds of telephone, public utility marine, and industrial cable. The peak in use of lead by cable manufacturers was 220,000 tons in 1929; the low since that year was 31,400 tons in 1933.

Zinc

George C. Heikes, geologist, has been named head of the Zinc Branch of the War Production Board, succeeding David A. Uebelacker, whose resignation from that post becomes effective July 1.

The industry was pleased over the speed with which June allocations were made. Certificates reached some consumers on the first day of the month and few have experienced any dificulty in obtaining metal.

Tin

The War Production Board is conducting a survey of actual consumption of tin by domestic consumers for the first-quarter period of 1942. The price situation remains unchanged. With costs high, the industry would not be surprised if an upward revision occurred at some future date.

Straits quality tin for future delivery was nominally as follows:

	June	July	Aug.
May 28	52.000	52.000	52.000
May 29	52.000	52.000	52.000
May 30	HOLIDAY		
June 1	52.000	52.000	52.000
June 2	52.000	52.000	52.000
June 3	52.000	52.000	52.000

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

Chrome Ore

Specifications covering purchases of domestic chrome ore by the Metals Reserve Co. have been lowered. "High Grade" ore is now defined as material containing a minimum of 45% of Cr_2O_3, against a minimum of 48% in the previous schedule. The base price, posted May 25, 1942, continues at $40.50 per long ton, dry, and the ratio of chrome to iron also continues at 2.5 to 1. In reducing the chrome content, the producer will, for all practical purposes, obtain more money for his product.

Quicksilver

Offerings of quicksilver have increased, and the price structure appears to have eased in more than one direction. Large consumers are not so ready to enter into long-term contracts. Some observers in the industry believe that Metals Reserve will have to accumulate quite a large quantity of quicksilver to stabilize prices. During the last few days, prices here ranged from $193.15 to $198.08 per flask, spot and nearby delivery, or well below ceiling levels. On the Pacific Coast prompt metal was quotable at $187 to $191 per flask. On forward business the inside price has been shaded.

Silver

During the past week the silver market in London has been 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)

	Electrolytic Copper Domest., Refin.	Electrolytic Copper Exp., Refin.	Straits Tin, New York	Lead New York	Lead St. Louis	Zinc St. Louis
May 28	11.775	11.700	52.000	6.50	6.35	8.25
29	11.775	11.700	52.000	6.50	6.35	8.25
30	HOLIDAY					
June 1	11.775	11.700	52.000	6.50	6.35	8.25
2	11.775	11.700	52.000	6.50	6.35	8.25
3	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 30 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, to arrive at the f.o.b. refinery quotation).

Cotton Exchange Elects

The New York Cotton Exchange on June 1 elected Robert J. Murray as President, Eric Alliot as Vice-President, and William J. Jung as Treasurer.

Of the 15 members of the Board of Managers who were elected at the same time two were newly named members and 13 have served during the past year. The newly elected members are Arthur J. Pertsch and Mervin S. Van Brunt. The re-elected members are: Bernard J. Conlin, Milton S. Erlanger, J. Henry Fellers, Tinney C. Figgatt, Richard T. Harriss, Frank J. Knell, Jerome Lewine, J. Robert Lindsay, Elwood P. McEnany, Perry E. Moore, John H. Scatterty, Charles Slaughter, and Philip B. Weld. Herman D. Hensel was elected as Trustee of the Gratuity Fund for a period of three years. James B. Irwin, James C. Royce, and John R. Tolar 3rd, were elected as Inspectors of Election. Nomination of these officers was reported in our May 14 issue, page 1839.

Newspaper Price Changes

The Providence "Evening Journal" increased its price, effective June 1, from three to four cents in view of rising production costs and declining advertising.

The four daily newspapers published in Maine by the Gannet Publishing Co., Portland "Press Herald," Portland "Express," Waterville "Sentinel" and Kennebec "Journal" (Augusta), also raised the price of their publications from three to five cents, effective June 1.

The Fall River (Mass.) "Herald-News," afternoon daily, increased, effective June 1, its price from three to four cents.

The Milwaukee "Post," an afternoon daily newspaper, ceased publication on May 23. It was said that increased costs of operation and curtailment of advertising made it impossible to continue.

A recent reference to newspaper price increases appeared in our May 21 issue, page 1937.

Urges FHA Home Owners To Reduce Indebtedness

President Roosevelt has appealed to the more than 800,000 American families who are buying their homes under the FHA mortgage insurance plan to use their increased incomes to reduce the indebtedness on their homes.

The President made this appeal in a letter to John B. Blandford, Jr., National Housing Administrator. It follows:

My dear Mr. Blandford:

Our national program of war production is inevitably bringing about a large increase in the incomes of many people. At the same time raw materials and many manufactured goods are necessarily taken away from civilian use, and machinery and factories are being converted to war production. As a result of this enlarged purchasing power as against a curtailed supply of goods, the nation is faced with an undesirable and unnecessary rise in prices.

To forestall such a trend, I have proposed to the Congress and to the people of the United States a national economic policy designed to stablize the cost of living and thereby fortify our whole economic structure. One of the principal points of that policy is to encourage the paying off of debts and mortgages.

Among the thousands of American families now buying their homes through the FHA mortgage insurance plan, there are many whose incomes have been substantially increased as a result of these war expenditures and who are thus put in a position to increase the payments on their mortgages.

I therefore urge you, through the Commissioner of the Federal Housing Administration, to bring to the attention of these families this opportunity to use this increased income to reduce the indebtedness on their homes and at the same time to share importantly in our common battle against a rising cost of living.

FRANKLIN D. ROOSEVELT.

Honorable John B. Blandford, Jr.,
Administrator,
National Housing Agency.

NY Clearing House Amends Rule On Check Return

At a meeting of the New York Clearing House Committee on May 28 the rule regarding the return of "not good" checks and demand drafts was revised to make the minimum $500 instead of $100. The amended portion of the rule now reads as follows:

Provided, however, that "not good" checks and other demand drafts for less than $500 each returned by members, branches of members, or clearing non-members, in either Central or Outlying zones, may be also delivered at the Clearing House not later than 2 o'clock A.M. of the following business day, in envelopes marked "Return Items," without previous notice being given, but subject to all other regulations affecting items returned under the provisions of this rule. All such items over $50 bearing an out-of-town endorsement returned by members and their branches or clearing non-members in the Central and Outlying zones are subject to the provisions of Rule III in the matter of protest and notice of dishonor.

New Cotton Exch. Members

At a meeting of the Board of Managers of the New York Cotton Exchange held on May 29, Cecil Fielding White of Fresno, Calif., President of the Valley Cotton Products Co., cotton merchants, and Renan Randel Kimbrough, a cotton merchant in Memphis, Tenn., were elected to membership in the Exchange. Mr. Kimbrough is also a member of the Memphis Cotton Exchange.

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 soft coal in the week ended May 30 is estimated at 11,090,000 net tons. The decrease from the preceding week, 195,000 tons, or 1.7%, was due to the partial holiday observance of Memorial Day, May 30. Production in the corresponding week of 1941 was estimated at 9,477,000 net tons.

The U. S. Bureau of Mines reported that the production of anthracite for the week ended May 30 was estimated at 813,000 tons, a decrease of 388,000 tons, or 32.3%, from the preceding week. When compared with the output in the corresponding week of 1941, there was a decrease of 230,000 tons (about 22%). The calendar year to date shows a gain of 15.8% when compared with the corresponding week of 1941.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended May 30 showed an increase of 4,100 net tons when compared with the output for the week ended May 23. Coke from beehive ovens decreased 31,800 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS NET TONS

	Week Ended			January 1 to Date		
*Bituminous coal—	May 30, 1942	†May 23, 1942	May 31, 1941	May 30, 1942	May 31, 1941	May 29, 1937
Total, incl. mine fuel	11,090	11,285	9,477	237,424	182,628	192,053
Daily average	‡2,092	1,881	1,755	1,877	1,434	1,523

*Includes for purposes of historical comparison and statistical convenience the production of lignite. †Revised. ‡May 30 weighted as 0.3 of a normal working day.

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

	Week Ended			Calendar year to date		
Penn. anthracite—	§May 30, 1942	May 23, 1942	May 31, 1941	May 30, 1942	May 31, 1941	June 1, 1929
*Total, incl. colliery fuel	813,000	1,201,000	1,043,000	24,385,000	21,060,000	30,791,000
†Commercial production	772,000	1,141,000	991,000	23,166,000	20,007,000	28,574,000
Beehive coke—						
United States total	146,200	178,000	124,400	3,242,500	2,230,200	2,734,100
By-product coke—						
United States total	1,182,700	1,178,600	‡	25,108,900	‡	‡

*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 avge.
State—	May 23, 1942	May 16, 1942	May 24, 1941	May 25, 1940	May 22, 1937	¶1923
Alaska	4	5	3	3	2	**
Alabama	388	393	350	295	267	398
Arkansas and Oklahoma	78	72	15	19	13	66
Colorado	137	130	91	70	82	168
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,170	1,171	1,048	651	562	1,292
Indiana	461	463	434	276	243	394
Iowa	44	43	35	44	24	89
Kansas and Missouri	176	155	95	72	72	131
Kentucky—Eastern	979	1,002	903	750	796	679
Kentucky—Western	226	236	157	110	106	183
Maryland	43	44	37	24	18	47
Michigan	2	4	3	2	1	12
Montana	65	60	46	47	32	42
New Mexico	28	27	18	18	27	57
North and South Dakota	29	21	18	15	16	**14
Ohio	721	698	597	384	458	860
Pennsylvania bituminous	2,758	2,880	2,687	2,028	2,002	3,578
Tennessee	152	155	149	117	108	121
Texas	5	5	6	15	16	22
Utah	104	100	66	32	24	74
Virginia	423	436	380	287	242	250
Washington	28	30	29	23	29	44
*West Virginia—Southern	2,270	2,341	2,258	1,901	1,679	1,380
†West Virginia—Northern	860	878	800	581	531	862
Wyoming	133	129	98	74	72	110
‡Other Western States	††	1	1	††	††	**5
Total bituminous coal	11,285	11,480	10,325	7,839	7,422	10,878
§Pennsylvania anthracite	1,201	1,262	840	868	1,085	1,932
Total, all coal	12,486	12,742	11,165	8,707	8,507	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.

Insolvent National Bank Dividends

Comptroller of the Currency Preston Delano announced on June 3 that during the month ended May 31, 1942, authorizations were issued to receivers for payments of dividends to the creditors of eight insolvent national banks. It is stated that dividends so authorized will effect total distributions of $1,314,545 to 40,427 claimants who have proved claims aggregating $17,239,869, or an average payment of 7.63%. The Comptroller's announcement adds:

The minimum and maximum percentages of dividends authorized were 4.25% and 65.0%, while the smallest and largest payments involved in dividend authorizations during the month were $35,522 and $274,313, respectively. Of the eight dividends authorized during the month, one was for a regular dividend payment and seven were for final dividend payments. Dividend payments so authorized during the month ended May 31, 1942, were as follows:

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

Name and Location of Bank—	Date Authorized	Distribution of Funds by Dividend Authorized	Total Percentage Authorized Dividends to Date	Amount Claims Proved
First American Nat'l Bank & Trust Co., Berwyn, Ill.	5-27-42	$35,522	20.2%	$461,320
The Joliet Nat'l Bank, Joliet, Ill.	5-18-42	208,001	72.33%	2,837,667
First Nat'l Bank, Rochester, Mich.	5-21-42	107,919	80.13%	1,414,401
First Nat'l Bank, Forestville, N. Y.	5-29-42	160,048	65.00%	246,228
First Nat'l Bank, Hempstead, N. Y.	5-28-42	223,497	97.9%	2,829,073
The Commercial Nat'l Bank, High Point, N. C.	5-16-42	192,750	99.68%	2,885,478
The First Nat'l Bank, Grand Forks, N. D.	5-19-42	112,495	84.25%	2,646,948
The Monongahela Nat'l Bank, Brownsville, Penn.	5-13-42	274,313	53.0%	3,918,754

Trading On New York Exchanges

The Securities and Exchange Commission made public on June 8 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended May 23, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended May 23 (in round-lot transactions) totaled 629,362 shares, which amount was 14.80% of total transactions on the Exchange of 2,127,050 shares. This compares with member trading during the previous week ended May 16 of 422,010 shares, or 13.15% of total trading of 1,604,280 shares. On the New York Curb Exchange, member trading during the week ended May 23 amounted to 72,235 shares, or 13.99% of the total volume on that Exchange of 258,175 shares; during the preceding week trading for the account of Curb members of 89,345 shares was 14.56% of total trading of 306,795 shares.

The Commission made available the following data for the week ended May 23:

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

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	998	696
1. Reports showing transactions as specialists	161	85
2. Reports showing other transactions initiated on the floor	126	18
3. Reports showing other transactions initiated off the floor	64	44
4. Reports showing no transactions	619	556

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

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

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

Week Ended May 23, 1942

	Total for Week	aPer Cent
A. Total Round-Lot Sales:		
Short sales	81,100	
Other sales b	2,045,950	
Total sales	2,127,050	
3. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	159,830	
Short sales	39,520	
Other sales b	123,390	
Total sales	162,910	7.59
2. Other transactions initiated on the floor—		
Total purchases	111,420	
Short sales	18,500	
Other sales b	63,990	
Total sales	82,490	4.56
3. Other transactions initiated off the floor—		
Total purchases	60,662	
Short sales	6,050	
Other sales b	46,000	
Total sales	52,050	2.65
4. Total—		
Total purchases	331,912	
Short sales	64,070	
Other sales b	233,380	
Total sales	297,450	14.80

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

Week Ended May 23, 1942

	Total for Week	aPer Cent
A. Total Round-Lot Sales:		
Short sales	3,405	
Other sales b	254,770	
Total sales	258,175	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	19,720	
Short sales	2,825	
Other sales b	26,900	
Total sales	29,725	9.58
2. Other transactions initiated on the floor—		
Total purchases	3,130	
Short sales	0	
Other sales b	2,360	
Total sales	2,360	1.06
3. Other transactions initiated off the floor—		
Total purchases	5,855	
Short sales	200	
Other sales b	11,250	
Total sales	11,450	3.35
4. Total—		
Total purchases	28,705	
Short sales	3,025	
Other sales b	40,510	
Total sales	43,535	13.99
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	50	
Customers' other sales c	18,527	
Total purchases	18,577	
Total sales	10,497	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

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

Revenue Freight Car Loadings During Week Ended May 30, 1942, Totaled 795,756 Cars

Loading of revenue freight for the week ended May 30, totaled 795,756 cars, the Association of the American Railroads announced on June 4. The decrease below the corresponding week in 1941 was 6,027 cars or 0.8%, but the increase above the same week of 1940 was 156,636 cars or 24.5%.

Loading of revenue freight for the week of May 30 decreased 41,992 cars or 5% below the preceding week, due to Memorial Day holiday.

Miscellaneous freight loading totaled 363,810 cars, a decrease of 14,529 cars below the preceding week, but an increase of 24,036 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 87,000 cars, a decrease of 9,365 cars below the preceding week, and a decrease of 56,327 cars below the corresponding week in 1941.

Coal loading amounted to 157,852 cars, a decrease of 8,131 cars below the preceding week, but an increase of 13,345 cars above the corresponding week in 1941.

Grain and grain products loading totaled 32,897 cars, a decrease of 1,515 cars below the preceding week, and a decrease of 3,246 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of May 30 totaled 20,440 cars, a decrease of 1,474 cars below the preceding week, and a decrease of 3,675 cars below the corresponding week in 1941.

Live stock loading amounted to 11,782 cars, a decrease of 1,071 cars below the preceding week, but an increase of 2,809 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of May 30 totaled 8,803 cars, a decrease of 804 cars below the preceding week, but an increase of 2,168 cars above the corresponding week in 1941.

Forest products loading totaled 45,689 cars, a decrease of 2,721 cars below the preceding week, but an increase of 6,493 cars above the corresponding week in 1941.

Ore loading amounted to 82,886 cars, a decrease of 4,319 cars below the preceding week, but an increase of 6,741 cars above the corresponding week in 1941.

Coke loading amounted to 13,840 cars, a decrease of 341 cars below the preceding week, but an increase of 122 cars above the corresponding week in 1941.

All districts reported increases compared with the two corresponding week in 1941 except the Eastern, Allegheny, North Western 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
Week of May 30	795,756	801,783	639,120
Total	17,674,236	16,340,675	14,017,582

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 30, 1942. During this period 55 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MAY 30

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	406	641	530	1,270	1,565
Bangor & Aroostook	1,669	1,578	1,626	247	206
Boston & Maine	5,943	7,942	6,487	14,402	13,476
Chicago, Indianapolis & Louisville	1,500	1,286	1,229	2,173	2,673
Central Indiana	35	16	14	60	58
Central Vermont	806	1,418	1,147	2,072	2,615
Delaware & Hudson	4,243	6,068	4,309	9,707	9,996
Delaware, Lackawanna & Western	7,304	9,557	7,679	9,709	8,934
Detroit & Mackinac	302	295	260	123	173
Detroit, Toledo & Ironton	1,652	2,654	1,645	1,110	1,274
Detroit & Toledo Shore Line	282	320	262	2,481	3,360
Erie	11,475	14,091	10,592	17,493	15,203
Grand Trunk Western	3,958	5,512	4,016	7,380	8,752
Lehigh & Hudson River	198	203	161	4,758	2,415
Lehigh & New England	1,330	1,925	1,525	2,131	1,891
Lehigh Valley	7,042	9,264	6,697	10,748	9,156
Maine Central	2,108	2,998	2,399	3,204	2,868
Monongahela	5,952	5,701	3,926	310	361
Montour	2,409	2,167	1,983	55	30
New York Central Lines	45,588	45,944	36,184	54,035	48,105
N. Y., N. H. & Hartford	9,028	10,441	8,162	21,170	16,317
New York, Ontario & Western	652	1,046	1,050	1,727	2,303
New York, Chicago & St. Louis	6,961	5,795	5,104	15,266	13,120
N. Y., Susquehanna & Western	435	410	324	1,072	1,587
Pittsburgh & Lake Erie	8,125	8,406	6,297	9,359	8,461
Pere Marquette	5,178	6,297	4,754	6,006	6,499
Pittsburgh & Shawmut	712	632	656	19	58
Pittsburgh, Shawmut & North	380	393	331	261	326
Pittsburgh & West Virginia	1,005	1,255	862	3,292	2,334
Rutland	335	489	561	888	1,177
Wabash	4,681	5,236	4,298	13,587	10,601
Wheeling & Lake Erie	5,406	4,968	4,325	4,636	4,084
Total	147,100	164,948	129,395	220,751	199,978
Allegheny District—					
Akron, Canton & Youngstown	654	684	344	1,030	1,081
Baltimore & Ohio	36,697	37,882	28,882	26,080	21,647
Bessemer & Lake Erie	7,789	6,435	5,631	2,366	2,548
Buffalo Creek & Gauley	322	285	330	5	7
Cambria & Indiana	2,022	1,803	1,103	11	20
Central R. R. of New Jersey	6,340	7,605	5,700	18,223	15,745
Cornwall	642	718	592	54	52
Cumberland & Pennsylvania	267	290	187	29	35
Ligonier Valley	125	70	88	33	47
Long Island	821	768	483	3,021	3,018
Penn-Reading Seashore Lines	1,443	1,542	940	2,426	1,690
Pennsylvania System	80,046	80,776	58,092	63,889	55,260
Reading Co.	12,171	16,597	12,351	29,497	22,338
Union (Pittsburgh)	21,609	20,590	16,594	8,574	6,928
Western Maryland	3,926	3,904	3,137	12,490	8,814
Total	174,874	179,949	134,454	167,728	139,230
Pocahontas District—					
Chesapeake & Ohio	29,295	27,834	24,557	13,847	13,046
Norfolk & Western	23,638	23,777	19,549	6,891	6,415
Virginian	4,661	4,662	3,789	2,406	1,722
Total	57,594	56,273	47.895	23,144	21,183
Southern District—					
Alabama, Tennessee & Northern	387	331	277	337	226
Atl. & W. P.—W. R. R. of Ala.	722	796	692	2,365	1,766
Atlanta, Birmingham & Coast	852	772	571	1,090	1,152
Atlantic Coast Line	13,056	11,317	9,029	8,442	6,411
Central of Georgia	3,696	4,425	3,718	4,186	3,615
Charleston & Western Carolina	477	614	489	1,526	1,846
Clinchfield	1,673	1,739	1,447	2,801	2,980
Columbus & Greenville	341	466	233	205	316
Durham & Southern	186	176	150	1,246	463
Florida East Coast	1,214	647	933	850	880
Gainesville Midland	33	50	29	117	124
Georgia	1,335	1,309	974	2,944	1,893
Georgia & Florida	334	392	290	486	721
Gulf, Mobile & Ohio	4,222	3,872	3,035	4,236	3,308
Illinois Central System	28,609	22,097	17,834	18,247	13,599
Louisville & Nashville	27,483	24,949	22,558	9,654	7,120
Macon, Dublin & Savannah	128	194	131	687	657
Mississippi Central	145	178	116	450	416
Nashville, Chattanooga & St. L.	3,944	3,359	2,611	4,052	3,214
Norfolk Southern	1,123	1,171	984	1,834	1,058
Piedmont Northern	360	494	393	1,295	1,703
Richmond, Fred. & Potomac	473	397	288	10,887	6,858
Seaboard Air Line	9,146	10,745	8,656	7,010	5,988
Southern System	23,943	25,393	19,279	22,622	19,177
Tennessee Central	676	556	415	1,210	722
Winston-Salem Southbound	100	154	153	893	935
Total	124,558	116,593	95,285	109,672	87,148
Northwestern District—					
Chicago & North Western	19,418	20,913	15,852	12,189	12,438
Chicago Great Western	2,151	2,538	2,126	3,179	3,034
Chicago, Milw., St. P. & Pac.	17,580	19,199	16,053	9,414	8,556
Chicago, St. Paul, Minn. & Omaha	3,316	3,864	3,229	3,820	3,741
Duluth, Missabe & Iron Range	28,064	23,783	17,809	348	249
Duluth, South Shore & Atlantic	790	1,115	843	474	564
Elgin, Joliet & Eastern	10,571	10,381	7,611	10,743	9,422
Ft. Dodge, Des Moines & South	511	531	448	132	129
Great Northern	20,028	20,791	18,389	3,836	3,783
Green Bay & Western	*557	549	410	*783	774
Lake Superior & Ishpeming	2,923	3,323	3,308	49	82
Minneapolis & St. Louis	1,769	1,771	1,463	2,169	2,087
Minn., St. Paul & S. S. M.	6,057	6,983	5,345	2,478	2,914
Northern Pacific	8,858	8,245	8,634	3,921	4,269
Spokane International	138	243	201	442	321
Spokane, Portland & Seattle	1,984	2,274	1,649	2,797	2,099
Total	124,715	126,503	103,370	56,774	54,462
Central Western District—					
Atch., Top. & Santa Fe System	21,660	21,319	17,646	10,548	7,481
Alton	2,950	3,142	2,365	4,348	2,815
Bingham & Garfield	748	606	538	130	107
Chicago, Burlington & Quincy	13,494	14,984	11,523	8,978	9,239
Chicago & Illinois Midland	2,564	2,640	1,937	939	827
Chicago, Rock Island & Pacific	10,622	12,283	9,726	11,863	10,147
Chicago & Eastern Illinois	2,129	2,427	2,005	3,293	3,324
Colorado & Southern	*783	559	528	*1,986	1,746
Denver & Rio Grande Western	2,618	2,046	1,808	4,777	3,385
Denver & Salt Lake	566	175	274	21	24
Fort Worth & Denver City	1,205	1,399	986	1,307	1,551
Illinois Terminal	1,852	1,778	1,388	2,336	1,851
Missouri-Illinois	1,081	985	967	432	500
Nevada Northern	2,034	2,039	1,494	125	187
North Western Pacific	862	782	586	488	479
Peoria & Pekin Union	5	12	32	0	0
Southern Pacific (Pacific)	25,446	25,874	21,098	8,980	6,283
Toledo, Peoria & Western	249	348	281	1,519	1,457
Union Pacific System	11,083	12,388	11,176	13,104	9,348
Utah	483	241	168	2	3
Western Pacific	1,524	1,571	1,247	2,269	2,459
Total	103,958	107,598	87,773	77,445	63,213
Southwestern District—					
Burlington-Rock Island	151	173	150	166	305
Gulf Coast Lines	4,525	2,738	2,228	2,364	1,559
International-Great Northern	2,966	1,844	1,442	2,269	2,657
Kansas, Oklahoma & Gulf	378	229	186	1,346	1,004
Kansas City Southern	5,512	2,332	1,943	2,785	2,895
Louisiana & Arkansas	4,136	2,074	1,833	2,359	2,007
Litchfield & Madison	332	259	279	1,057	1,092
Midland Valley	756	429	434	214	255
Missouri & Arkansas	119	155	165	321	379
Missouri-Kansas-Texas Lines	4,352	4,198	3,379	3,551	3,284
Missouri Pacific	14,274	13,600	10,934	15,119	10,133
Quanah Acme & Pacific	101	104	123	251	125
St. Louis-San Francisco	8,445	7,867	6,008	7,863	5,364
St. Louis Southwestern	2,715	2,380	1,938	5,896	3,192
Texas & New Orleans	9,830	7,486	5,853	4,511	4,173
Texas & Pacific	4,180	3,862	3,835	5,499	4,279
Wichita Falls & Southern	155	176	199	52	59
Weatherford M. W. & N. W.	30	13	19	19	29
Total	62,957	49,919	40,948	55,642	42,791

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

May Department Store Sales

The Board of Governors of the Federal Reserve System announced on June 4 that the value of sales at department stores declined further in May and the Board's seasonally adjusted index dropped to 107% of the 1923-25 average, as compared with 117% in April.

INDEX OF DEPARTMENT STORE SALES† (1923-25 AVERAGE=100)

	May, 1942	Apr., 1942	Mar., 1942	May, 1941
Adjusted for seasonal variation	107	117	124	105
Without seasonal adjustment	107	115	118	105

Change from corresponding period a year ago (per cent)‡

Federal Reserve District—	One week ending May 30	May 23	May 16	May 9	Four weeks ending May 30	Apr 25	Mar. 28	Feb 28	Year to May 30
Boston	—6	—3	+5	+10	+2	+9	+28	+17	+18
New York	—8	—4	+6	+5	0	+4	+23	+18	+14
Philadelphia	—9	—4	+7	+15	+3	+4	+31	+33	+20
Cleveland	—16	—6	+6	+6	—2	+10	+33	+21	+19
Richmond	—7	+6	+19	+17	+9	+15	+41	+35	+27
Atlanta	—11	—5	+5	+1	—3	+8	+15	+7	+10
Chicago	—17	+1	+3	+2	—3	+11	+23	+21	+15
St. Louis	+13	+7	+6	+7	—2	+6	+28	+21	+16
Minneapolis	*	*	*	*	—7	+4	+15	+18	+10
Kansas City	—11	r+1	0	0	—2	+13	+20	+14	+15
Dallas	—12	—10	—5	—3	—7	+6	+15	+8	+9
San Francisco	—5	r+9	+5	+9	+5	+16	+25	+25	+19
U. S. total	+11	—2	+5	+6	0	+9	+26	+21	+17

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1942—		1941—	
May 9	136	May 10	128
May 16	115	May 17	110
May 23	114	May 24	117
May 30	96	May 31	109

r Revised. *Not shown separately but included in United States total. †Monthly indexes refer to daily average sales in calendar month; May 1942 figures estimated from weekly sales.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 8 a summary for the week ended May 30, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week ended May 30, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	7,660
Number of shares	202,900
Dollar value	$7,335,635
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	186
*Customers' other sales	7,690
Customers' total sales	7,876
Number of Shares:	
Customers' short sales	3,974
*Customers' other sales	186,881
Customers' total sales	190,855
Dollar value	$5,918,059
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	390
†Other sales	55,640
Total sales	56,030
Round-lot Purchases by Dealers—	
Number of shares	61,330

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

Lumber Movement Week Ended May 30, 1942

Lumber production during the week ended May 30, 1942, was 6% less than the previous week, shipments were 0.5% greater, new business, 17% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 11% above production; new orders 33% above production. Compared with the corresponding week of 1941, production was 9% greater, shipments, 6% greater, and new business 27% greater. The industry stood at 142% of the average of production in the corresponding week of 1935-39 and 160% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first 21 weeks of 1942 was 3% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 10% above the orders of the 1941 period. For the 21 weeks of 1942, new business was 27% above production, and shipments were 16% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 63% on May 30, 1942, compared with 41% a year ago. Unfilled orders were 26% greater than a year ago; gross stocks were 18% less.

Softwoods and Hardwoods

Record for the current week ended May 30, 1942, for the corresponding week a year ago, and for the previous week, follows in thousands of board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	456	456	492
Production	249,687	228,436	265,959
Shipments	276,272	261,377	274,916
Orders	331,392	260,260	283,495

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	373		94	
Production	239,039	100%	10,648	100%
Shipments	261,034	109	15,238	143
Orders	318,108	133	13,284	125

Items About Banks, Trust Companies

Russell S. Racey, an Assistant Cashier of the Chase National Bank of New York, died on June 2 at the Post Graduate Hospital, New York City, following a short illness. Mr. Racey, who was 51 years old, was a native of Indiana. Mr. Racey had been with the Chase National Bank since 1930 in charge of the new business development for the trust department. For seven years prior to this time he had been head of the new business department of the Equitable Trust Co., which merged with the Chase Bank in 1930.

James Gilbert White, internationally known engineer and capitalist, died on June 2, at his home in Greenwich, Conn. He was born in Milroy, Pa. and at his death was 80 years of age. Mr. White who had been particularly prominent in engineering and construction fields, retired from active business in 1928, having suffered impaired health for a number of years. From an official summary of his career we quote:

Mr. White graduated from the Pennsylvania State College with the degree of A.B. in 1882. In 1884 he was awarded the degree of A.M. by the same institution. Later in 1884 he entered Cornell University, specializing in electrical engineering and physics, receiving a fellowship in electrical engineering followed by the degree of Ph.D. in 1885. During the summer vacations of his college course he spent considerable time engaged in surveying in Northern Pennsylvania, and later in the Civil Engineering Department of the Cambria Iron Co. at Johnstown, Pa. After his graduation from Cornell he accepted a position as instructor in Physics at the University of Nebraska and, in the spring of 1887, he joined forces with others in originating the Western Engineering Co. The Western Engineering Co. was later sold to the Edison-United Manufacturing Co. and Mr. White went to New York to take charge of the Department of Electric Railway Installation. Upon the formation of the Edison-General Electric Co. he resigned to develop an engineering and contracting business of his own under the name of J. G. White & Co.

In 1900, after having carried out from his New York office and by several trips to London a considerable amount of engineering in Australia, he established an office in London, organizing for this purpose the English company, then known as J. G. White & Company, Ltd. That company performed a large amount of work in England, Ireland, India, New Zealand, Holland, France, South America and Central America. In 1913 he formed The J. G. White Engineering Corp. as a subsidiary of J. G. White & Co., Inc., for the purpose of assuming the functions previously exercised by the engineering and construction departments of the parent company, which has since restricted its activities to the investment banking field. A large amount of work has been carried out by The J. G. White Engineering Corp. in the United States, Canada, Central America, South America, Cuba, Puerto Rico, the Philippines, etc.

During his engineering experience Mr. White supervised the design and construction of a large number of power houses, both steam and water driven, as well as complete systems of track and overhead construction, bridges, electric light and railway distribution circuits, while a number of the more important installations received his personal attention.

He was a member of the Board of Trustees of The Pennsylvania State College, and always took a keen interest in the affairs of the institution, having established the two largest loan funds for students—$25,000 for men, in honor of his uncle, General James A. Beaver, former Governor of Pennsylvania; also $25,000 for women students, in honor of his mother, Mary Beaver White. In addition he established the John W. White Fellowship medal and various scholarships in honor of his father. Some years ago he made the largest individual contribution to the emergency building fund of the College.

Among other organizations Mr. White had been a member of the American Society of Civil Engineers, American Institute of Electrical Engineers, New York Electrical Society and Pennsylvania Society.

Walter M. Brown, of the Union National Bank, was electer President of Pittsburgh Chapter, Inc., American Institute of Banking, at its recent annual election. Others elected were:

Vice-Presidents, W. Howard Martie, of the Farmers Deposit National Bank, and Joseph T. Stephens, Colonial Trust Co.; Secretary, Anna M. Scott, Keystone National Bank; Treasurer, Joseph N. Tosh, Freedom (Pa.) National Bank; Directors, Hugh O. Ferguson, Union Trust Co., Walter B. Jones, Union Savings Bank, Harriet N. Manning, First National Bank at Pittsburgh, Elmer F. Schafer, Pitt National Bank, and Anne Price, Commonwealth Trust Co.

The Board of Directors of the Lincoln National Bank, Cincinnati, recently elected Lawrence C. Bucher as President to succeed the late Louis J. Hauck. The Directors also elected J. Edward Sohn, Jr., Vice President and Cashier, as a member of the Board. Mr. Bucher has been associated with the Lincoln National Bank since January, 1939, when he was made Executive Vice President and a Director. Prior to that he had been Assistant Vice President of the Central Trust Co. of Cincinnati. Mr. Sohn has been connected with the bank for 41 years, having become Cashier in 1922 and Vice President in 1939.

Elmer Benson, former Governor of Minnesota, recently purchased the assets of the defunct Capitol Trust and Savings Bank of St. Paul for $103,500. Mr. Benson and A. J. Kaufman of Appleton, Minn., his partner in the Minnesota Farms Co., were high bidders for the bank's assets, principally consisting of farm lands in Minnesota, North Dakota, Montana and Canada.

The First National Bank of Winston-Salem (N.C.) announces the election of Cecil H. Marriner as a Vice President and J. William Medford as Cashier.

Langlois N. A. M. Director

George R. Langlois has been named Director of the Pacific Coast Division of the National Association of Manufacturers, William P. Witherow, Association President, announced on June 7.

Mr. Langlois, who was Executive Assistant to the Director of the N. A. M., Washington, D. C., office before assuming his new duties, was selected for the post because of the "increasing industrial importance of the Pacific Coast area," according to the Association's statement.

Banks Offer Special War Bond Savs. Plans

To aid people in carrying out their War Bond pledges, the savings banks of New York State, by unanimous resolution, are offering two types of special War Bond Savings Accounts. These accounts, which are offered without charge, provide for systematic savings of small amounts of money and the purchase of war bonds each time a sufficient balance has been accumulated. One type of account is designed to aid the employer desiring to install a Payroll Savings Plan for his personnel, and the other to provide an easy and convenient method of regular savings for the individual.

Explaining these plans, the State Savings Banks Association states:

Under the individual plan, generally designated as a Victory Club or War Bond Club, the individual, for example, may deposit one dollar a week and when a balance of $18.75 has been accumulated, a War Savings Bond will be issued in his name and with such beneficiary as he may designate. This type of service, it is pointed out, closely approximates the Christmas Club plan which has proven exceedingly popular among people who want to save regularly during the year for their Christmas purchases. It should greatly facilitate War Bond savings.

Under the Payroll Savings Plan, the employer remits to the savings bank, each pay day, one check covering the total payroll savings of his organization, with a covering list showing the names and amounts to be credited to the accounts of the individual participants. The bank sets up accounts for each participant, and as soon as an individual's deposits reach $18.75, the bank issues a War Bond to him. This Payroll Savings Plan is proving of real value, particularly to the small employer who does not have the facilities, himself, to take care of payroll savings.

Both plans are currently being offered by all of the savings banks in the metropolitan area and virtually all of the banks throughout the State. The savings bank, in most instances, will also hold the War Bonds in safe keeping, if that is desired.

President Warns Japan On Use Of Poison Gas

President Roosevelt warned Japan on June 5 that the continued use of poison gas by the Japanese armed forces against China or any other of the United Nations will be regarded as though taken against the United States and "retaliation in kind and in full measure will be meted out."

The President told his press conference that this government had received "authoritative reports" that the Japanese armed forces are using "poisonous or noxious gases" in various localities of China.

Mr. Roosevelt's formal statement which, he said, the State Department had prepared, follows:

Authoritative reports are reaching this Government of the use by the Japanese armed forces in various localities in China of poisonous or noxious gases. I desire to make it unmistakably clear, if Japan persists in this inhuman form of warfare against China or against any other of the United Nations, such action will be regarded by this Government as though taken against the United States, and retaliation in kind and in full measure will be meted out. We shall be prepared to enforce complete retribution. Upon Japan will rest the responsibility.

FDIC Reports Earnings of Insured Banks Up

Gross earnings and current operating expenses of the insured commercial banks of the country in 1941 were higher than in any year of deposit insurance, the Federal Deposit Insurance Corporation announced on June 8. Gross earnings amounted to $1,730,000,000, which exceeded by $99,000,000 the previous high level reached in 1940. The announcement further said:

The increase in gross earnings was partially offset by an increase of $71,000,000 in current operating expense, so that net earnings increased by only $28,000,000 during the year.

The increase in gross earnings is attributed chiefly to an increase of $79,000,000 in the amount of income received from loans, reflecting the expansion of loans which has accompanied the increase in industrial output resulting from the defense and war programs. The average rate of income received on loans during 1941 declined to a new low of 4.27%.

The FDIC reports that the tabulation of 1941 statements of earnings, expenses and dividends of insured commercial banks disclosed the following additional facts:

1. Net charge-offs on assets (losses, less recoveries and profits on assets sold) of $9,000,000 were at the lowest level recorded since the inception of deposit insurance, with the exception of 1936, when recoveries and profits on assets sold exceeded losses on assets.

2. Net profits before dividends increased by $54,000,000 during 1941 to a total of $455,000,000. About one-half of the increase in net profits during 1941 was due to larger net earnings; the balance of the increase was due to the reduction of $28,000,000 in net charge-offs.

3. The decline in net charge-offs was accounted for entirely by decreases in losses and by increases in recoveries, on loans and on fixed assets. Net recoveries on securities (losses on securities were exceeded by recoveries on securities and profits on securities sold) remained the same in 1941 as in 1940.

4. All items of expenses increased except interest paid. Interest paid on time and savings deposits declined in 1941 for the seventh consecutive year and averaged 1.20% of average time and savings deposits.

5. The amount of taxes paid increased by $31,000,000, or 25%.

6. Interest and dividends on securities increased by $9,000,000 during 1941. This may be attributed to the increase in the banks' holdings of obligations of the U. S. Government, since the rate of interest received on securities declined for the fourth consecutive year and averaged 1.95%.

7. Common and preferred cash dividends and interest paid on capital amounted to $254,000,000 in 1941, as compared with $237,000,000 in 1940. The amount of dividends paid on common capital in 1941 increased for the seventh consecutive year to a total of $234,000,000; the rate of dividends on common capital showed an increase for the fourth consecutive year and averaged 9.59%.

8. Amounts available for additions to total capital accounts (net profits after dividends) of $201,000,000 represented 3% of total capital accounts.

Names Policy Group For Manpower Board

Paul V. McNutt, Chairman of the War Manpower Commission, announced on June 8 the appointment of several members of the management-labor policy committee. This group, to consist of seven national labor leaders and seven leaders of war production and transportation management when completed, will recommend to the chairman matters of major policy concerning the activities and responsibilities of the Commission. The committee will also make studies of its own and initiate the formulation of manpower policies, in addition to considering policies referred to it by the chairman. In his announcement, Mr. McNutt said:

The War Manpower Commission has been directed by the President to assure the most effective utilization of the nation's manpower to fight this war. We are starting out by enlisting the leaders of labor and of business management. They will not only aid and assist us, they will also guide us.

The manpower policy committee is charged with considering and recommending policies, and also to initiate policies. Its recommendations will have great weight in determining the fateful steps we shall take.

It is indicated that those who have thus far accepted membership on the committee and their organizations are: R. Conrad Cooper, Vice-President, Wheeling Steel Corp.; H. A. Enochs, chief of personnel, Pennsylvania Railroad; Frank P. Fenton, director of organization, American Federation of Labor; John P. Frey, President, Metal Trades Department, AFL.; R. E. Gillmor, President, Sperry Gyroscope Co., Inc.; R. Randall Irwin, director, industrial relations, Lockheed Aircraft Corp.; C. J. Whipple, President, Hibbard, Spencer, Bartlett & Co.; George Masterton, President, United Association of Journeymen Plumbers and Steamfitters, AFL; Clinton S. Golden, assistant to the President, United Steel Workers of America, CIO; John Green, President, Industrial Union of Marine and Shipbuilding Workers of America, CIO, and Walter P. Reuther, member, International executive board, United Automobile, Aircraft and Agricultural Implement Workers of America, CIO.

The directives issued by Chairman McNutt to several Federal agencies for facilitating manpower policies were referred to in these columns of June 4, page 2128.

A speech by Mr. McNutt on the Commission's objectives was noted in our May 28 issue, page 2037.

Pay On Rio Grande 6s

Holders of State of Rio Grande do Sul (United States of Brazil) 6% external sinking fund gold bonds due June 1, 1968, are being notified that funds have been remitted to its special agent, White, Weld & Co., New York, for the payment of coupons due Dec. 1, 1937, at the rate of 14% of the dollar face value; Dec. 1, 1938 coupons at the rate of 14.35%; June 1, 1939 coupons at the rate of 14.35%, and Dec. 1, 1939 coupons at the rate of 15.05%. The announcement further says:

These funds have been remitted in accordance with the provisions of Presidential Decree No. 23829 of Feb. 5, 1934, as re-enacted and modified by Decree Law No. 2085 of March 8, 1940.

Cash payment of the above rates in full satisfaction of the coupons is now being made upon presentation and surrender of the coupons to the special agent at 40 Wall Street, New York.

Unpaid coupons maturing Dec. 1, 1931 to Dec. 1, 1933, inclusive, must remain attached to the bonds for future adjustment.