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Conference Board Finds British Government Assumes Risks Left For Business In U. S.

In Great Britain the government virtually assumes both wartime and postwar risks up to the amount of excess-profits taxes paid, while in the United States this risk is borne almost exclusively by business, according to a study prepared by the Conference Board, New York, which adds that both present British taxes on excess profits and prospective United States taxes on excess profits almost eliminate the profit motive as a basis for increased production.

"In any private enterprise system," the Board says in the course of an analysis of British and American taxes on income, "profits serve as incentives to increased production, while risks act as restrictive influences. During a war period, it is probable that the profit motive is displaced to a considerable degree by concern for the successful outcome of the war, although for many enterprises it is doubtful whether the profit motive is ever absent. While this incentive is regularly given consideration in the formulation of tax policies, it is unfortunately true that American tax legislation, and proposals that are now being seriously considered, have given scant attention to the restrictive effects of risks.

The Board goes on to say:

The probability of postwar losses that will not be shared by the government is so potent in restricting production in many cases that the amount of wartime profit incentive that is even remotely possible can have little influence upon management. The British tax system takes care of this point, while the American system does not.

Excess profits do not have the time limitations in Great Britain that they do in the United States. Excess profits exist only if average profits over the entire war and postwar period, after deduction of losses, exceed the annual rate of the standard period. Errors in wartime accounting, and losses from postwar adjustments, are chargeable against war profits when they become evident; and refunds are made upon the basis of such errors and losses. Risk is thereby minimized. Invest-

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FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

The long, long way to Tipperary, or whatever you want to call the long struggle of Aviation versus Battleship proponents in the U. S. Navy has been definitely settled in the place where it is most important that it should be settled—in the U. S. Navy. The Aviation enthusiasts have won. We are told by as grizzled an old salt as ever mounted the bridge that this is so.

The battles of the Coral Sea and Midway have convinced him; according to him, it has convinced everybody else in the high command. From now on, our emphasis will be on the building of carriers and ships, without going into details, that lend themselves to the new type of warfare. We have projected 17 battleships. Only those will be completed which have already been launched.

Billy Mitchell is probably rollicking in his grave. But that isn't important. It is difficult to see that the Army could have done anything more than it did at the time—first reduce him in rank and then courtmartial him. The courtmartial was a headline hunting thing on Mitchell's part. At that time Congressman Frank R. Reid of Illinois, a master headline catcher, was prominent in the defense. One thing he did was to pass around the word that the then President, Calvin Coolidge, was to be subpoenaed. Mitchell, after all, didn't want a trial. He had a message to sell. A thing just as important as aviation now is, was discipline. Mitchell paid the price for his admittedly undisciplinary tactics.

Everything seems now to have worked out all right.

Of all the intriguing phases of Mr. Elmer Davis' new job is that of what he intends to do about Lowell Mellett's Office of Government Reports. The executive order setting up the new coordinator to coordinate the other coordinators provides that he is to consolidate the OGR into his agency.

This is going to be most fascinating to watch. There has perhaps been more misunderstanding about the work and purpose of

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Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.

GENERAL CONTENTS

Editor's Note—Various other reports and news items, not covered in this index, appear in Section 1 of this issue, as expiained in the notice given on this page.

Regular Features

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THE FINANCIAL SITUATION

A Rip Van Winkle waking from a sleep of not twenty but only one year would certainly find it difficult to credit what his eyes beheld as he read the news of the past week. The Soviet Union which virtually all nations of the earth had disliked and distrusted for twenty years; the Soviet Union with whom virtually all of them for so long hesitated to enter normal relations; the Soviet Union which only two or three years ago was daily berated as an ally of Mr. Hitler, the German monster, and as the despoiler of the Baltic States; the Soviet Union which only a few short years ago mystified and horrified the world with its blood purges—that same Soviet Union now made party to a formal treaty with the British Empire and an agreement with the United States which in effect give it the status of a copartner with both of the latter countries in rehabilitating, reforming and even remaking the world after the present war is over! Yes, that same Soviet Union now greeted with confidence, with respect and almost with deference by the British Empire and the United States of America. All this, dire circumstances and Comrade Stalin with his fighting have wrought almost over night!

Recognition Fully Won

But this is hardly a time for philosophical musings or for wasting time staring in amazement. Of all the powers to feel the German might, only the once despised Russian army has shown ability to return blow for blow. The wholly unexpected strength of the Russian army has given Great Britain time to prepare really to defend herself, and Russia still stands as the most important single element in the hopes of the United Nations. She is due full credit for it all, and enlightened self-interest demands that all that may be should be done to keep her in the field and, if possible, to enable her to break the might of the German military machine. She has amply won a place, a respected place, among the great powers.

It would be as unthinkable to undertake to deny her a part, an influential part, in peace making as it would be stupid not to cooperate fully with her as an important,

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"A Pattern For Peace"

The lend-lease program has already become a prime mechanism in the combined efforts the United Nations are making to win the war. The program of lend-lease agreements is also emerging as a factor in the combined effort of the United Nations to weave a pattern for peace. Those agreements are taking shape as key instruments of national policy, the first of our concrete steps in the direction of affirmative post-war reconstruction.

The agreement with Great Britain was signed on Feb. 23, 1942. On June 2, 1942, an agreement was made with the Republic of China embodying the same terms. On June 11, 1942, a similar agreement was signed with the Union of Soviet Socialist Republics. The provisions of these agreements are now being offered to our other allies receiving lend-lease assistance. * * *

***Cooperative action among the United Nations is contemplated to fulfill this program for economic progress, in the many spheres where action is needed. It is hoped that plans will soon develop for a series of agreements and recommendations for legislation, in the fields of commercial policy, of money and finance, international investment and reconstruction.*—The President of the United States.**

Is this "pattern for peace" to be fashioned by New Deal dreamers and Russian planners with the New Deal and Russian communism as models?

Will the British Government permit itself to be made a party to such schemes?

The American people would do well to take notice!

The State Of Trade

Business activity ruled moderately higher compared with the preceding holiday week, with most industrial quarters showing the usual heavy gains over last year's figures. Carloadings showed a gain of 58,933 cars in the week of June 6, compared with the preceding week of this year. Electric power production was up 9.6% over the corresponding week last year.

Steel production in the United States is scheduled this week at 98.3% of capacity, off 1 point from last week, and comparing with 99.2% a month ago. At this week's rate, production of 1,669,700 net tons of ingots is indicated, compared with 1,686,700 tons last week, 1,685,000 tons a month ago and 1,597,800 tons for the second week of June last year.

Engineering contracts awarded in the week ended June 6, totaled $379,458,000, the second highest weekly volume ever reported by "Engineering News-Record." The amount was 38% more than the preceding week's figures and 171% better than a year ago.

War construction now is proceeding at a rate of about $12,500,000,000 a year, the War Production Board estimates, while non-essential civilian construction virtually has halted completely.

Further increases in building are expected to cause essential construction to top $13,500,000,000 by the year's end, or 20% above the 1941 total for all construction, which set an all-time record.

Non-essential civilian building, which approximated $4,000,000,000 last year, will aggregate less than $650,000,000 for 1942, it was estimated. In the first three months of this year it totaled about $215,000,000, according to the WPB.

Evidence abounds today that industry's production for war is exceeding the most optimistic expectations. From all sides come reports of orders being completed weeks and even months ahead of schedule, while at the same time predictions are being made of much greater accomplishments yet to come.

General Motors Corp. announces that its war plants alone are delivering $5,000,000 worth of orders each day. British war-production heads express amazement at what American industries have done in so short a time, while Donald M. Nelson, War Production Board Chief, reports that the Nation is making munitions in "undreamed-of volume."

More significant, though, is the definite announcement, also made by Mr. Nelson, that airplane production in this country will total 60,000 planes this year. This means that the President's goal, viewed as "very high" a few months back, will be met.

War Production hit a new peak in May, and early June figures already are running at higher levels. Currently, the Treasury's outgo for all war activities is averaging more than $1,000,000,000 a week, indicating that June will be the first $4,000,000,000 month.

Today the national debt is in excess of $74,500,000,000, or almost $20,000,000,000 higher than it was a year ago at this time, and few express concern over the increase. When the debt is mentioned, it is generally in connection with the statement that the Nation can carry a $100,000,000,000, a $150,000,000,000, or even a $200,000,000,000 debt without fear of serious repercussions.

Department store sales throughout the United States were 7% higher in the week ended June 6, than in the corresponding period of last year, while for the four-week period ended June 6, there was no change from sales during the corresponding four-week period of 1941, the Federal Reserve Board reported.

Spells of summer heat encouraged a heavier demand for seasonal goods during the past week, and there were a few signs of a break in civilian buying apathy after several weeks of declining activity, Dun & Bradstreet stated in reviewing the week in trade.

It is reported that many department stores and most other retailers have sharply curtailed their purchases and some have started preparations for pushing sales. These moves are based on the expectation of an inventory control order, in spite of official statements that preparations of such an order are in a preliminary stage and no decision has been made on the subject.

Loading of revenue freight for the week ended June 6, totaled 854,689 cars, according to reports filed by the railroads with the Association of American Railroads. This was an increase of 58,933 cars from the preceding week this year, 1,749 cars more than the corresponding week in 1941 and 151,797 cars above the same period two years ago.

Electric production for the week ended June 6, amounted to 3,372,374,000 kilowatt hours, according to the Edison Electric Institute. This was a gain of 9.6% over the corresponding week last year, and an increase of 1.5% over the preceding week when total output amounted to 3,322,651,000 kilowatt hours.

The Association of American Railroads report a 33.5% increase in the May operating revenues of 89 Class I railroads, compared with the same month a year ago. The roads represent 81.5% of the total operating revenues.

Eastman To Address Advertising Meeting

Joseph B. Eastman, Director of the Office of Defense Transportation, will speak at the opening general session on June 22, 38th annual convention and advertising exposition, Advertising Federation of America, Hotel Commodore, New York, June 21-24, it was announced by Bruce Barton, Chairman of the convention's general program committee, who will also be the keynote speaker. Mr. Eastman's selection as a speaker was made in recognition of the major importance of transportation in the war effort, as well as in movement of goods and changes in markets affecting civilian welfare. A session on magazine advertising has been arranged for the morning of June 24 and radio advertising men will also meet the same morning.

C. C. Carr, advertising manager, Aluminum Company of America, Pittsburgh, has been added to the list of speakers who will be heard at the luncheon meeting on June 23, sponsored by the Advertising Women of New York. Others on that program are Mrs. Sarah Pennoyer, Vice-President in charge of advertising and promotion, Bonwit Teller, Inc., New York, and Thomas E. Dewey, prominent in Republican Party circles. The Association also says:

> A feature of the convention this year will be the exhibit, where wartime advertising samples and developments will be on display. Educational and informative exhibits are being prepared by 14 associations that are using this opportunity to tell men and women in the advertising industry about their wartime services and functions. A number of commercial exhibits by firms offering media, supplies and production services will also be a part of the convention exposition.

Previous reference to the meeting appeared in these columns June 4, page 2120.

House Committee Considers Excise Taxes; Treasury Would Limit Incomes To $25,000

The deliberations of the House Ways and Means Committee on the proposed tax program were marked on June 15 by a recommendation to it by Randolph Paul, tax adviser to Secretary of the Treasury Morgenthau for a 100% war "supertax" with a view to restricting individual net incomes to $25,000 after all normal income taxes are paid. A suggestion that incomes be limited to $25,000 a year was made by President Roosevelt to Congress on April 27, and his message at that time was given in our issue of April 30, page 1708. In its advices from Washington June 15 the Philadelphia "Inquirer" stated that sole deductions allowed under the Treasury plan would be 15% for charitable contributions and 15% for debt service. The "Inquirer" in its further advices from its Washington correspondent, Robert Barry, likewise said:

> There would be no tax exemptions; all income from tax-free State and local bonds would have to be included.
>
> At the same time, since the committee has tentatively approved mandatory joint returns, and since the Treasury prefers joint returns in any event, the plan would allow a married couple two $25,000 personal exemptions, or a total of $50,000, after income taxes.
>
> The super-tax would start to affect single persons when their incomes began to move appreciably above $50,000 a year. It would hit married persons whose combined incomes ran over $185,000 a year.
>
> Treasury experts estimated that with mandatory joint returns, the proposed war super-tax would affect approximately 11,000 single persons and married couples, and would yield about $184,000,000 in addition to the regular income tax under rates tentatively fixed by the Committee several weeks ago.
>
> Mr. Paul told the committee that "there can be no 'equality of privilege' for which the President has called when some of our citizens are permitted to enjoy a luxurious standard of living while others in less fortunate circumstances are called upon to cut their living standards to a bare subsistance level."

It was also noted in the account to the "Inquirer" that:

> Although the committee always meets behind closed doors, it was reliably reported that the Treasury suggested taxes on sugar, salt, tea and coffee, as well as electric power, gas used for fuel and barber and beauty shop supplies.
>
> On the other hand, together with the super-tax proposal, the Treasury suggested a plan whereby corporations and business houses could set up a reserve that would spare them from paying income taxes on the "profits" of an inventory rise that might just as swiftly be wiped out on a subsequent date.

President Roosevelt's suggestion that the tax bill be split up and the excise taxes be enacted immediately was rejected on June 16 by Representative Doughton, Chairman of the House Ways and Means Committee. While agreeing with the President that speed is essential in enacting a tax measure, Chairman Doughton said that he felt it was too late to split up the bill.

The House group on June 16 is understood to have laid aside the proposal for a $25,000 limitation on individual's net incomes, in deferring action on the Treasury's recommendation.

Mr. Roosevelt at his press conference on June 16 remarked that continued delay in enacting a tax measure was resulting in increasing losses in Treasury revenue.

Since the reference to the Committee's action in our issue of a week ago, (page 2201) the Committee on June 11 decided to increase the Federal tax on cigarettes from 6½ cents to 7 cents a package in order to raise $65,500,000. The Associated Press on that date stated:

> Chairman Doughton said that the committee had tentatively agreed to raise the present $3.25 per thousand tax to $3.50 and had rejected a Treasury proposal that a tax differential be established between 10-cent brands and 15-cent brands.

In noting the Committee's action, advices to the New York "Herald Tribune" from its Washington bureau on June 11 said in part:

> The Committee voted tentatively today to increase the present heavy taxes on tobacco in all forms by $107,000,000 and also to double existing levies on passenger transportation by rail, bus and airplane, making them 10%. . . .
>
> The proposed increases in levies affecting American smokers and travelers were contained in tax schedules approved by the committee as follows:
>
> An increase from $3.25 to $3.50 a thousand on cigarettes, or one-half cent a package, which probably would mean one cent in added cost to the consumer on single-package sales. The Treasury had recommended an increase of 25 cents a thousand on 10-cent brands and 75 cents a thousand on brands costing 15 cents or more, to raise $188,600,000 additional revenue. The committee boost will yield $60,000,000.
>
> A new tax of one-half cent on 25 cigarette papers or tubes to raise $7,800,000, which had been recommended by the Treasury.
>
> An increase in the existing 18-cent-a-pound tax on smoking tobacco to 24 cents. The Treasury had recommended a 36-cent tax to yield $26,800,000. The committees compromise will yield no more than $18,000,000.
>
> The present transportation tax of 5% of the basic fare was doubled, as was the additional 5% tax on Pullman seats and berths. The Treasury had recommended a 15% and 20% tax, respectively, to raise $94,800,000. The committee decision will net an estimated $35,000,000 additional.
>
> For the present graduated schedule by which cigars are taxed, the committee substituted the following rates: Retail price, 2.5 cents, $2.50 a thousand; 2.6 to 4 cents, $3.50; 4.1 to 6 cents, $5; 6.1 to 8 cents, $7; 8.1 to 11 cents, $10; 11.1 to 15 cents, $13.50; 15.1 to 20 cents, $18; 20.1 to 30 cents, $25, and more than 30 cents, $35.

On June 12 the Committee took action toward increasing the taxes on telegraph and telephone service charges, the life insurance tax and that on photographic equipment likewise being included in the advances. As to this Associated Press advices from Washington June 12 said:

> These tentative actions were taken by the Committee before it adjourned over the week-end, preparatory to discussing a group of minor matters and possibly the question of a general sales tax:
>
> The present telephone toll service charge of 5 cents on a charge of from 24 to 50 cents was changed to a flat 20% tax on the amount of the toll. This 10% tax on telegraph and cable messages was increased to 15%. Estimated yield in additional revenue, $26,800,000.
>
> The present 6% tax on local telephone bills was increased to 10%. Estimated yield, $36,800,000.
>
> The present 10% tax on manufacturers' sales of photographic equipment was raised to 25%, except on cameras weighing more than four pounds, which are exempt. Estimated yield, $10,800,000.
>
> Method of figuring tax on life insurance companies was revised, with substitution of a "reserve and other policy liability deduction" for the present reserve earnings deduction. Estimated yield, $40,000,000.
>
> Mutual insurance companies other than life are exempt if they do not have more than $100,000 in assets or more than $50,000 a year in income.
>
> It was decided to repeal excise taxes on washing machines, optical equipment, electric signs and advertising devices and rubber articles because, Rep. Cooper (D., Tenn.) said, it had been found that they had produced little revenue.
>
> It was announced that the treasury had withdrawn its original request that the 4½% tax on transportation by pipe line be increased to 10%.

With respect to the change in the method of figuring the tax in the case of life insurance companies, the New York "Times" in its advices from Washington, June 12 said:

> Also adopted was a revision, recommended by the Treasury and the joint committee experts, for the law relating to mutual life insurance companies. It was explained by Randolph Paul, Treasury tax expert, as follows:
>
> "The industry proposal is that a single new deduction (to be called a 'reserve and other policy liability deduction') be substituted for the present reserve earnings deduction, the deduction for interest paid on supplementary contracts, and the deduction for deferred dividends.
>
> "This new deduction would be a flat percentage of net investment income after deducting tax-exempt interest, the percentage to be the same for all companies. This percentage would be determined in such a way as to give the same aggregate deductions for all companies as under the original Treasury proposal described above.
>
> "For example, for 1941, the aggregate deductions of all companies under the original Treasury proposal for reserve earnings, interest on supplementary contracts, and deferred dividends amount to approximately 93% of the aggregate net investment income after deducting tax-exempt interest.
>
> "Consequently for the taxable year 1942, each company would be allowed a deduction of 93% of its net investment income after deducting tax-exempt interest.
>
> "For subsequent taxable years the corresponding percentage would be determined by the Secretary of the Treasury.
>
> "In summary, under the industry plan, each company's tax base would equal investment income less investigating expenses, less tax exempt, less a flat percentage of the remainder, the percentage to be based on the aggregate deductions of the industry under the Treasury formula."
>
> The 93% is a preliminary figure, subject to modification after more complete examination of the 1941 data, Mr. Paul added.
>
> The estimated yield from the change was put at $40,000,000.

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even a vital, ally during the war itself. For the most part the provisions of the agreements now announced are those which might be expected in the circumstances between any two or more allied nations fighting together against common enemies. Though the utterances of President Roosevelt on more than one occasion could well be a cause of uneasiness on the part of the Russian dictator about the intentions of his allies respecting the internal affairs of Russia, and although there is still much talk of individual freedom, no one has ever really believed that any attempt would be made to liberate the Russians who plainly do not want freedom. We can only hope that the communists of Russia will in fact as well as in name honor Mr. Stalin's assurance of non-interference in the internal affairs of other countries. As to the disclaimer of territorial ambitions—well, again seasoned observers are likely to await developments. In any event, however, both Russia and the British are hardly among the "have-nots" of the world, and we have never at any time entered more than half-heartedly at most into the practice of seizing territory.

Post-War Security

Russia also this time is apparently, and quite properly, to have a part, and an important part in making certain that the "aggressors" are unable again to disturb the peace of the world. Last time, while neither Russia nor the United States took active parts in the post-war treatment of Germany, that country was thoroughly and effectively disarmed for a span of years, and there was nothing to prevent Great Britain and France from continuing to be effective in this particular had they really been disposed to do so. Nor were the victors in the first so-called World War unduly tender-hearted or lacking in thoroughness in the dismemberment of the Central Powers and in the encirclement of Germany. Only the future can tell whether such matters as these will be wisely handled when this war is over. Under the leadership of the United States, one of the earliest and worst offenders last time, and evidently in response to pressure exerted by means of lease-lend arrangements, verbal recognition at least of the advisability of making the international movement of goods less restricted has been acknowledged by all three countries. The future will disclose whether these resolutions are to be taken in a Pickwickian sense.

Quite apart from all this, however, there is an element in these discussions which must give all thoughtful students considerable uneasiness. The careful observer can scarcely have missed the plain intimations or implications, not to employ more positive terms, of maturing schemes of world economic planning and control. And Russia is to have an influential part in this planning and control! One of the provisions of the so-called master lend-lease agreement between the United States and Russia asserts that "they (the final terms of the post-war settlement of obligations) shall include provision for agreed action by the United States of America and the Union of Soviet Socialist Republics, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and *domestic* measures of production, employment and the exchange and consumption of goods." This provision then continues to the effect that "at an early date conversations shall be begun between the two governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded governments."

Post-War Planning

These are, of course, vague terms, as are most of the other stipulations in all these recent interchanges and understandings. They could mean little, or they could be pregnant with significance. When, however, one ponders the devotion of the present Administration in this country to so-called economic planning, its itch to regulate and control practically all economic activity, and the many intimations in recent months of a determination to apply such New Deal principles upon a world wide scale after the war, it becomes difficult to escape real uneasiness as to where all this is leading us. Nor is that uneasiness allayed when it is now made clear that in this world planning and this world control Russia is to play one of the leading roles. Russian communism, now rather well supported in this country by large alien refugee elements, has always been quite influential among the New Deal managers. May heaven preserve us all if the Russian planners join forces with the New Deal planners to lay out a new heaven and a new earth at the conclusion of hostilities. Both our cherished liberties and our boasted standard of living would soon be in the gravest of danger.

Here are matters which must not be neglected by the intelligent citizens of the United States. There are all too many who are disposed to defer consideration of these issues until after the war is won, insisting that our immediate and urgent task is defeating the enemy. Such, of course, is the paramount concern of the day, but we should be exceedingly unwise to permit these fantastic schemes of post-war management to mature, to gain a large following among the unthinking, and to reach a status in popular thought that would render their circumvention at a later date exceedingly difficult if not impossible. It is increasingly evident that President Roosevelt is carefully planning with all of his political acumen and by astute use of lend-lease arrangements and otherwise to present the world with precisely such a political situation at the close of the war.

Rukeyser Points Out That Socialism Inevitably Breeds Totalitarianism

M. S. Rukeyser, writing in the New York "Journal-American," discusses the reasons behind the change of Max Eastman, once a Marxist, into an active opponent of socialism.

"Max Eastman," Mr. Rukeyser states, "has been doing a yeoman's job in de-glamorizing socialism.

"Once he had been a Marxian devotee, but his observations in the Soviet led him to believe that socialism inevitably breeds totalitarianism.

"Totalitarianism, he found, tends to give the plain citizen the bum's rush.

"According to Mr. Eastman's view, complete domination of industry by the state becomes oppressive, especially to labor, because the three functions of employer, strike-breaker, and policeman are combined in a single agency.

"In a recent debate with Dr. Harry W. Laidler, Mr. Eastman argued that total control by the state of the entire economic structure of the community can't be democratic because of the complexity of the administrative problem and the nature of man.

* * *

"I refer to Mr. Eastman's views because his opposition to socialism is based on humane and progressive lines. He is no tool of 'vested interests'—no spokesman for reactionary opponents of progress.

"On the contrary, he opposes excessive collectivization on the ground that it is retrogressive—that it is harmful to human liberty and progress.

"The official Socialist line in this country is naive. It contends that the Soviet perverted Socialism by combining it with a dictatorship.

"I think it is more logical to conclude that the Russian pattern originated from the necessities of the case. When through fiat of the state you remove the voluntary incentives of the profit motive, the only alternative is force to compel men to work.

"That is the essential choice that is open. On the other hand, there is the system of freedom, in which workers, within the limitations of their own competence and of available economic opportunity, may select work of their own choosing, and be rewarded according to the contribution which they make.

"The alternative is state-ism. Where there is no free choice, there must be force—and forced labor is a brand of slavery.

"Of course, pure Communism, providing that each should contribute according to his ability and be rewarded according to his need, is so at variance with individual biological differences that the Soviet had to compromise, and begin to pay an incentive wage. It has been getting more and more away from the Communist ideal."

Analyses Future of Free Enterprise

In a subsequent article in the "Journal-American," Mr. Rukeyser had the following to say on regimentation of business during the war and our system of free enterprise when peace comes:

"Much of the underlying pessimism expressed in recent months in the stock market has been based on the fear that the free enterprise system was disappearing.

"Under the necessities of a wartime economy, observers have seen evidence of increasing regimentation of business by Government.

"It seems to me more accurate, however, to conclude that free enterprise is temporarily in a state of suspended animation.

"The immediate distinction may seem academic, but this view leaves open for struggle at the conclusion of the war the question of restoring the private enterprise system.

"According to the principle of action and reaction, some students of government and business believe that after the war the public will be so weary of governmental interferences with personal liberty that there will be a nostalgic demand for something approaching 'normalcy.'

"Instead of relying fatalistically on inexorable forces, I think that those interested in restoring the enterprise system should begin to make analyses of the fundamentals and to express them in humanized and dramatic manner so that workingmen, small stockholders and the public generally will have a sympathetic understanding of the issues at stake.

"I believe that corporations, temporarily stopped from stimulating demand for certain types of consumer goods at present, should take advantage of the hiatus to employ advertising to merchandise concepts and ideas about the desirability of the American way.

* * *

"In view of the demonstrable superiority of the enterprise system in achieving high living standards and human liberty, defeatism concerning the long-term future of the system is not warranted.

"The present situation is highly abnormal. Armament production is not industry in the accepted sense; it is rather a necessitous commandeering by Government of the facilities for producing and exchanging goods. With the Government as the sole buyer of war materials, it is necessary in wartime to develop a type of regimentation which would be unsuitable for peace-time conditions.

"The American way should not be dubbed the private enterprise system. That fallaciously puts emphasis on the so-called vested rights of the business man and the property owner. Those privileges are only incidents to the system, which should be described as a mechanism by which American workers, farmers and others produce and exchange goods among themselves through the corporation, the partnership and other agencies.

"What is really at stake is the liberty of the people, and their freedom to select work and goods of their own choosing. It is a fortuitous circumstance that the annals of business demonstrate that this free system has been more productive than any other."

Cotton Consumption In May At High Peak

Under date of June 13, 1942, the Census Bureau issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles. In the month of May, 1942 and 1941, cotton consumed amounted to 957,015 bales of lint and 132,390 bales of linters, as compared with 998,754 bales of lint and 132,106 bales of linters, in April, 1942, and 923,518 bales of lint and 129,562 bales of linters in May, 1941. April consumption of cotton includes 1,700 bales distributed by Surplus Marketing Administration through various cotton mattress programs.

For the 10 months ending May 31, cotton consumption was 9,202,508 bales of lint and 1,241,760 bales of linters, against 7,916,109 bales of lint and 1,097,888 bales of linters in the same 10 months a year ago.

There were 2,589,456 bales of lint and 523,745 bales of linters on hand in consuming establishments on May 31, 1942, which compares with 1,931,565 bales of lint and 501,747 bales of linters on May 31, 1941.

9,402,969 bales of lint and 150,533 bales of linters were on hand in public storage and at compressors on May 31, 1942, and 11,399,982 bales of lint and 87,057 bales of linters on May 31, 1941.

There were 23,120,666 cotton spindles active during May, 1942, which compares with 23,004,082 active cotton spindles during May, 1941.

Banks Urged To Increase Effort To Sell War Bonds

In a letter sent on June 11 to all banking institutions in New York State, Allan Sproul, Chairman of the Victory Fund Committee for the Second Federal Reserve District, urges that banks re-examine the possibility of sales of Series F and G War Savings Bonds. Mr. Sproul points out that the May quota was not met by the State and that unless increased effort is put forth in June, the higher quota for this month will not be reached.

His letter says in part:

> This is an opportunity for the banks of the District to expand their already considerable efforts to promote the War Financing Program. With their intimate knowledge of the resources and needs of individual and institutional investors, they can reach prospective purchasers of the F and G Bonds as perhaps no other group can. This is no longer merely a question of investment opportunity; it is now also a question of maximum financial support to the War effort in a time of national crisis.

Inter-American Farm Meeting In Mexico City

Dr. Earl N. Bressman, Director of the Division of Agriculture in the Office of the Coordinator of Inter-American Affairs, recently expressed the view that the forthcoming Second Inter-American Agricultural Conference at Mexico City, July 6 to 16, would loom large in the solution of present and post-war food problems. Speaking to a Committee on Tropical Agriculture, composed of experts from Latin American countries, at the Pan American Union, Dr. Bressman said he felt that the organization of the Congress is practical and pointed toward existing world conditions. "I have had an opportunity to review the subjects which will be treated by both official delegates and consulting delegates," he continued, "and have found them to be well selected and pertinent. Foremost men in the field of agriculture have been chosen to present topics and they represent most geographic regions."

Duties Of U. S.-British Food Board Outlined

As was indicated in these columns June 11, page 2202, the establishment of two new boards was announced on June 9 by President Roosevelt on behalf of himself and Prime Minister Winston Churchill. One of these is to be known as the Combined Production and Resources Board for the United States and the United Kingdom, while the other, a Joint Great Britain-United States Food Board, will be known as the Combined Food Board; in the case of the latter, Secretary of Agriculture Claude R. W. Wickard will be the American representative, while R. H. Brand, head of the British Food Mission to the United States, will represent and act under instructions of the British Minister of Food, Lord Woolton. The Combined Production and Resources Board, as heretofore stated, will consist of Donald M. Nelson, Chairman of the War Production, and Oliver Lyttelton, British Minister of Production, who is now in Washington. President Roosevelt announced the general functions of the two boards in memoranda addressed to Mr. Nelson and to Secretary Wickard. The memorandum to Mr. Nelson was given in our June 11 issue; the following is the text of the President's memorandum to Secretary Wickard:

"By virtue of the authority vested in me by the Constitution and as President of the United States, and acting jointly and in full accord with the Prime Minister of Great Britain, I hereby authorize on the part of the Government of the United States the creation of a Joint Great Britain - United States board, to be known as the Combined Food Board.

"In order to coordinate further the prosecution of the war effort by obtaining a planned and expeditious utilization of the food resources of the United Nations, there is hereby established a Combined Food Board.

"The board will be composed of the Secretary of Agriculture and the head of the British Food Mission who will represent an act under the instruction of the Minister of Food.

"The duties of the board shall be:

"To consider, investigate, inquire into and formulate plans with regard to any question in respect of which the governments of the United States and United Kingdom have, or may have, a common concern, relating to the supply, production, transportation, disposal, allocation or distribution, in or to any part of the world, of foods, agricultural materials from which foods are derived, and equipment and non-food materials ancilliary to the production of such foods and agricultural materials, and to make recommendations to the governments of the United States and United Kingdom in respect of any such questions.

"To work in collaboration with others of the United Nations toward the best utilization of their food resources, and, in collaboration with the interested nation or nations, to formulate plans and recommendations for the development, expansion, purchase, or other effective use of their food resources.

"The board shall be entitled to receive from any agency of the Government of the United States and any department of the Government of the United Kingdom any information available to such agency or department relating to any matter with regard to which the board is competent to make recommendations to those governments, and, in principle, the entire food resources of Great Britain and the United States will be deemed to be in a common pool, about which the fullest information will be interchanged."

President Merges War Information Bureaus

President Roosevelt on June 13 signed an executive order consolidating into one new agency the information functions of the Government—foreign and domestic. The new agency will be known as the Office of War Information. Elmer Davis, nationally known writer and radio commentator, has been named as Director of the new office. A White House statement announces that the Office of War Information will be divided into two main divisions: the first it is stated "will deal with the dissemination of information within the United States. The second will deal with the dissemination of information in all foreign countries, except Latin America."

Into the new agency will be consolidated all of the functions and duties of the following existing informational agencies: the Office of Facts and Figures, now headed by Archibald MacLeish; the Office of Government Reports, headed by Lowell Mellett; the Division of Information in the Office for Emergency Management, in charge of Robert W. Horton, and the Foreign Information Service of the Office of the Co-ordinator of Information, directed by William J. Donovan. The White House statement also says:

In addition, the Director of the new Office of War Information will have authority, subject to policies laid down by the President, to issue directives to all departments and agencies of the Government with respect to their informational services. He will have full authority to eliminate all overlapping and duplication and to discontinue in any department any informational activity which is not necessary or useful to the war effort.

While the actual information service of the different departments and agencies will continue to remain with such departments and agencies, their informational activities must conform to the directives issued by the Director of the Office of War Information.

The existing Office of Coordinator of Information (exclusive of the Foreign Information Service) is being transferred to the Joint Chiefs of Staff to operate directly under their supervision. Its name is being changed to the Office of Strategic Services, and it will continue to perform its functions of collecting secret and strategic information in foreign countries and performing general miscellaneous strategic services abroad, other than the dissemination of information by radio, leaflets, etc. These information functions in foreign countries will become part of the functions of the new agency—the Office of War Information; and the appropriate staff will be transferred to the new agency for this purpose.

To assist the Director of the Office of War Information, a Committee on War Information Policy will be established. The Director will be the Chairman of this committee; other members of the committee are set forth in the Executive Order. This committee will formulate basic policies and plans on war information; but the Director, after consultation with such committee, will have full power as the executive head of the new agency.

The White House statement also indicated that an administrative officer to serve under Mr. Davis will be designated, and it added:

William J. Donovan will serve as the head of the new Office of Strategic Services, reporting only to the combined Chiefs of Staff and to the President.

The information service for Latin America will continue to be handled by the Co-ordinator of Inter-American Affairs.

The Executive Order prescribes close collaboration between The Director of Censorship, Mr. Byron Price, and the Director of the new Agency, for the purpose of facilitating the prompt and full dissemination of all available information which will not give aid to the enemy.

In his Executive Order the President said that the merger was being effected "in recognition of the right of the American people and of all other peoples opposing the Axis aggressors to be truthfully informed about the common war effort."

The existing Office of Co-ordinator of Information, exclusive of its foreign information service, was transferred in a separate "military order" to the United States Joint Chiefs of Staff to operate directly under their supervision.

The name of this transferred part was changed to the Office of Strategic Services, to be headed by Mr. Donovan.

Under the executive order, a special committee within the OWI is set up to be headed by Mr. Davis and to include representatives of the Secretaries of State, War and Navy, the Joint Psychological Warfare Committee, and the Co-ordinator of Inter-American Affairs. This committee, the White House said, will "formulate basic policies and plans on war information; but the director, after consultation with such committee, will have full power as the executive head of the new agency."

The information services of the Office of Coordination of Inter-American Affairs, handled by Nelson A. Rockefeller, continues to function.

OWI Director Davis is authorized to perform the following functions and duties:

Formulate and carry out, through the use of press, radio, motion picture and other facilities, information programs designed to facilitate the development of an informed and intelligent understanding, at home and abroad, of the status and progress of the war effort and of the war policies, activities and aims of the government.

Co-ordinate the war informational activities of all Federal departments and agencies for the purpose of assuring an accurate and consistent flow of war information to the public and the world at large.

Obtain, study and analyze information concerning the war effort and advise the agencies concerned with the dissemination of such information as to the most appropriate and effective means of keeping the public adequately and accurately informed.

Review, clear and approve all proposed radio and motion-picture programs sponsored by Federal departments and agencies, and serve as the central point of clearance and contact for the radio broadcasting and motion-picture industries, respectively, in their relationships with Federal departments and agencies concerning such government programs.

Maintain liaison with the information agencies of the United Nations for the purpose of relating the government's informational programs and facilities to those of such nations.

Living Costs Up 0.2% In May, Board Reports

Living costs of wage earners and low-salaried workers in the United States rose only 0.2% from April to May, according to the Conference Board, New York. This is the smallest month-to-month increase since March, 1941. Under date of June 12 the Board further stated:

Between April and May, clothing prices rose 0.2%. Men's clothing, which showed the greatest increase in the previous month, fell 0.3%. Women's clothing, on the other hand, showed an increase of 0.8%.

Fuel and light was up 0.4% due wholly to a 0.7% rise in coal, while gas and electricity remained unchanged.

The Board's index of the cost of living (1923=100) was 97.3% in May, as compared with 97.1% in April, 96.1% in March, 95.1% in February, 94.5% in January, 93.2% in December, and 87.4% in May, 1941.

Living costs were 11.3% higher than in May, 1941. Food prices led the advance over the year period with a rise of 20.6%. Clothing prices were second with a 20.4% rise. Other rises during the twelve months were: sundries, 5.8%; fuel and light, 4.7%, and housing, 3.5%.

The purchasing value of the 1923 dollar declined to 102.8% in May. In April it was 103.0%, in March, 104.1%; in February, 105.2%, and a year ago it was 114.4%.

Roosevelt, Molotov Agree On Second Front

The White House announced on June 11 that President Roosevelt and Soviet Foreign Commissar V. M. Molotov have reached "full understanding . . . with regard to the urgent tasks of creating a second front in Europe in 1942." In a formal statement, the White House disclosed that Mr. Molotov had conferred with the President in Washington for nearly a week, at Mr. Roosevelt's invitation.

Their discussions, in addition to the second-front "understanding," included "measures for increasing and speeding up the supplies of planes, tanks and other kinds of war materials from the United States to the Soviet Union," and also "fundamental problems of co-operation of the Soviet Union and the United States in safeguarding peace and security to the freedom loving peoples after the war."

The White House statement said that "both sides state with satisfaction the unity of their views on all these questions."

Mr. Molotov had been in Washington from May 29 to June 4 but the visit was kept secret until he had safely returned home. He had flown to Washington in a Soviet plane, after signing in London a 20-year treaty of alliance with Great Britain. (This matter is reported elsewhere in today's issue.)

The White House statement on the Roosevelt-Molotov conversations follows:

The People's Commissar of Foreign Affairs of the Union of Soviet Socialist Republics, Mr. V. M. Molotov, following the invitation of the President of the United States of America, arrived in Washington May 29 and was for some time the President's guest. This visit to Washington afforded an opportunity for a friendly exchange of views between the President and his advisers on the one hand and Mr. V. Molotov and his party on the other. Among those who participated in the conversations were the Soviet Ambassador in the United States, Mr. Maxim Litvinov, Mr. Harry Hopkins, Chief of Staff Gen. Marshall and Commander-in-Chief of the United States Navy, Admiral Ernest J. King. Mr. Cordell Hull, Secretary of State, joined in subsequent conversations on non-military matters.

In the course of the conversations full understanding was reached with regard to the urgent tasks of creating a second front in Europe in 1942. In addition, the measures for increasing and speeding up the supplies of planes, tanks and other kinds of war materials from the United States to the Soviet Union were discussed. Further were discussed the fundamental problems of cooperation of the Soviet Union and the United States in safeguarding peace and security to the freedom-loving peoples after the war. Both sides state with satisfaction the unity of their views on all these questions.

At the conclusion of the visit the President asked Mr. Molotov to inform Mr. Stalin on his behalf that he feels these conversations have been most useful in establishing a basis for fruitful and closer relationship between the two governments in the pursuit of the common objectives of the United Nations.

Tire And Drug Reports

The Securities and Exchange Commission recently made public the 14th and 15th of a new series of industry reports of the Survey of American Listed Corporations, covering the calendar years of 1939 and 1940. Report No. 14 covers corporations engaged primarily in the manufacture of tires and other rubber products ad report No. 15 covers corporations engaged in the manufacture of drugs and medicines, both of which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940.

With respect to report No. 14, covering 15 corporations, the SEC says:

"The combined sales reported by the group were $857,000,000 in 1940 compared with $779,000,000 in 1939. Net profits after all charges totaled $40,000,000 in both 1940 and 1939 equivalent to 4.6% and 5.2% of sales, respectively. Total dividends paid out by these enterprises were $21,000,000 in 1940 compared with $24,000,000 in 1939. The combined assets for these 15 corporations totaled $785,000,000 at the end of 1940 compared with $736,000,000 at the end of 1939, while surplus increased from $141,000,000 at the end of 1939 to $158,000,000 at the end of 1940."

Concerning the 15 companies included in report No. 15, the Commission states:

"The combined sales reported by the group were $267,000,000 in 1940 compared with $256,000,000 in 1939. Net profits after all charges totaled $32,000,000 in 1940 and 1939, equivalent to 11.9% and 12.6% of sales, respectively. Total dividends paid out by these enterprises were $24,000,000 in each year. The combined assets reported by the group totaled $244,000,000 at the end of 1940 compared with $231,000,000 at the end of 1939, while surplus increased from $72,000,000 at the end of 1939 to $78,000,000 at the end of 1940."

American Section Of Chemical Society Elects

The American Section of the Society of Chemical Industry announces the election of the following officers for the year 1942-1943:

Chairman, Dr. Foster D. Snell; Vice-Chairman, Dr. Norman A. Shepard; Honorary Secretary, Cyril S. Kimball; Honorary Treasurer, J. W. H. Randall.

The following new committee members were elected to take the place of retiring members: Edward R. Allen; Francis J. Curtis; Dr. Donald Price; Archie J. Weith, and Dr. Lincoln T. Work.

Govt.'s Anti-Trust Action Seen Transforming Advertising, Selling And National Economy

The Government's harassing anti-trust prosecutions of business may transform not only good-will building and advertising and selling but also our entire national economy, declared Gilbert H. Montague of the New York Bar, speaking before the Sales Executives Club of New York. However, with a curtailment of managerial adjustment of production to marketing demand, and with the reduction or elimination of patent protection, trade-mark protection and good-will protection, advertising and selling would take over the greatest problem and the greatest opportunity they have ever had in all history, Mr. Montague declared:

"Donald Nelson calls this a 'smart man's war'," Mr. Montague told the Sales Executives Club. "Certainly old-time maxims do not fit it. Ever since Cicero's day, lawyers have been repeating the legal maxim 'Inter arma leges silent'—'In the midst of war the laws are silent.' But there is nothing silent about the National Defense Act, the Lend-Lease Act, the Trading with the Enemy Act, the First War Powers Act, the Emergency Price Control Act, the Property Requisition Act, the Second War Powers Act, and dozens of other Acts enacted since the outbreak of the second World War, and the innumerable rules, orders and regulations that are today pouring forth from Donald Nelson's War Production Board, and Leon Henderson's Office of Price Administration, and Chairman Eastman's Office of Defense Transportation, and Secretary Ickes' Office of Petroleum Co-Ordinator. Nor is there anything silent about Thurman Arnold's program of more and bigger anti-trust prosecutions.

"In the first World War, anti-trust laws prosecutions were instituted only in egregious cases, or in cases directly relating to the national defense. In cases of lesser importance, the Government appeared willing to let business men devote their undivided attention to war production, without the harassment of anti-trust law investigations and prosecutions.

"In the present World War all this is changed. Thurman Arnold's staff now engaged in investigating and prosecuting anti-trust cases is nearly five times as great as it was in 1938. More than 3,000 individuals, firms, corporations and associations are now awaiting trial under the anti-trust laws. When these defendants were doing the acts for which they are now being prosecuted, most of them could have had no idea that what they were doing could ever be called in question as an offense against the anti-trust laws. This is demonstrated by the fact that in the typical anti-trust case the Government has to spend weeks and months in court before it can develop the basic facts on which to establish a violation of these laws. If the Government after assembling all the facts requires all this time to prove an anti-trust law violation, it is absurd to believe that there can be any consciousness or idea of guilt on the part of defendants who for the most part can be acquainted with only a small segment of all the facts.

"Anti-trust laws are in a real sense ex post facto laws. Defendants in these cases are judged not by the law as it was judicially interpreted at the time they were doing their acts, but by later judicial interpretations of the law current at the time of the trial and in many instances laid down by the Supreme Court and other Federal Courts long after their acts were done. This has always been characteristic of anti-trust cases, and is greatly intensified when, as now, the Supreme Court and other Federal Courts are repeatedly expanding the interpretation of the law and bringing within its penalties a rapidly expanding area of transactions.

"In war time all these characteristics are accentuated. Agreements that were normal and highly beneficial to this country, when entered into years ago between our nationals and nationals of other countries then at peace with this country, can years later be unfairly distorted so as to appear sinister or even unpatriotic, after war has broken out between this and other countries. In the heated politics of war time, the temptations to this distortion are well nigh irresistible.

"In every previous war since the anti-trust laws were enacted, the Attorney General's anti-trust division has gone into an eclipse. But Thurman Arnold, when threatened by this fate in the present World War, sold single-handed the Administration and Congress on the idea that vigorous and unrelenting anti-trust investigations and prosecutions are just as important as all-out production of war munitions, and are even more important to meet post-war conditions. For this exploit Thurman Arnold deserves unstinted admiration in any organization purporting to represent sales achievement in America.

"In the present war we may expect, therefore, many prosecutions in which courts are asked to lay down new and extended interpretations of the anti-trust laws far beyond those existing before 1938, and many investigations in which the facts might disclose no illegality if sifted by a court trial, but can be distorted so as to imprint a sinister or even unpatriotic smear, when presented ex parte before a Congressional Committee affording no opportunity of cross-examination.

"All this is doubtless helpful in distracting public attention from the Government's coddling of labor, but it is discouraging to thousands of business men whose patriotism and loyalty in all-out war effort are equally necessary and dependable, and it is disheartening to that great body of the American public which seems never to learn that people in politics often behave politically.

"Advertising and selling share, of course, in this general discouragement and disheartenment, but are advertising and selling now under any more Government attack than is all the rest of American business?

"Many people see grave threats to good-will building in the Government's inclination toward grade labeling, and in the Government's predilection for price competition rather than brand and quality competition, and in the Government's various strictures on advertising, as expressed in the consent decrees in the Ford and Chrysler automobile finance cases, and in the prosecution of the cigarette companies, and in the prosecution of food and drug groups operating under the State Fair Trade Acts and State Unfair Trade Practice Acts.

"Some criticism of this Government action has been so uninformed that Government spokesmen have had little difficulty in making these critics appear ridiculous. But at the core of all this Government action, and untouched by all this clumsy and fumbling criticism, there seems to be a force which, unless intelligently measured and dealt with, may transform not only good-will building and advertising and selling but also our entire national economy into something quite different from the present.

"When anti-trust prosecutions dealt only with conspiracies and restraints of trade, no one could well argue that good-will building and advertising and selling were being attacked. A different situation is presented, however, now that the Government is going further, and is beginning to challenge non-collusive measures, such as the fostering of trade practice standards, the dissemination of trade statistics, trade information and cost statistics, and the promulgation of uniform cost accounting principles.

"'Collusion in its clearest form is an agreement to follow a common policy with respect to price or volume. . . . Non-collusive measures stop short of agreement; in their clearest forms they are educational and informational in character and operate by strengthening, implementing, or articulating the belief of individual businessmen that mutual self-restraint in competing for the available business of an industry is a wise business policy.'

"These statements are quoted from 'Trade Association Survey,' a monograph which the Temporary National Economic Committee published in 1941, and which was prepared for the Committee by a Department of Commerce group, whose ominous conclusion is that 'the difference between collusive and non-collusive approaches to the achievement of price stability essentially is one only of the directness of the device.'

"In this and in all other monographs published by the Temporary National Economic Committee, there is a prefatory statement of the Chairman that the publication of the monograph by the Committee 'in no way signifies nor implies assent to, or approval of, any of the facts, opinions, or recommendations.' But already another of these monographs has been cited in its entirety in an official decision of the Supreme Court of the United States.

"This adds significance to the following colorful statements in 'Anti-trust in Action,' another monograph which the Temporary National Economic Committee published in 1941:

"'As the open market recedes the fabric of industrial control is woven. At strategic points parties move to their own advantage. In automobiles the chiefs of the assembly line have won authority over a far-flung business empire. They have, to their own gain, learned to play the parts manufacturers off against each other. A franchise from one of the Big Three means far more to the ordinary dealer than any ordinary dealer can mean to the manufacturer. Only the exceptional marketer can bargain with the company which controls his supply. It is all a kind of feudal regime in which the manufacturer is liege lord, the parts-maker vassal, the dealer merchant and peon.

"'In cigarettes the lines of the feudal pattern stand out even more sharply. The heights are occupied by the managements of the large concerns. The ranking officials graciously accept generous salaries; then, with a keen eye to the unique quality of their own services, they vote themselves sizable bonuses as "incentive compensation." Stockholders are lulled by regular dividends. At one frontier the farmer receives for leaf a price that nets less than a decent living. At the other the dealer is forced to carry the article upon the thinnest of margins. For the manufacturer encourages price cutting, and the merchant who sells other things cannot afford to have the buyer walk out of the shop because it does not carry his favorite brand. It is all very subtle; no formal conspiracy meets the naked eye; there is no technical resort to duress. Yet, with little in the way of holdings, a small group of men lord it over the whole trade.'

"These impassioned statements far outrun the anti-trust laws as they were interpreted and applied by the Supreme Court before 1938. But they exactly describe the line on which the cigarette companies were tried and convicted in 1941, and there are now in the works more prosecutions along the same line.

"By the simple device of stretching the anti-trust laws, so as to make them prohibit and penalize any business structure the Government does not like, and by harassing business men with grand jury investigations and criminal indictments until in desperation they agree to consent decrees that indelibly and irrevocably impress upon their businesses these new interpretations of the anti-trust laws, the Government now possesses and is effectively exercising a force that may change our entire national economy.

"All this is disquieting, coming just after the Supreme Court has departed from 30 years of anti-trust law precedents, in order to give labor substantial exemption from the prohibitions and penalties of the anti-trust laws.

"Never before, in this or any other country, has the experiment been tried of procuring all-out Nation-wide war production by coddling labor and by harassing business at the same time.

"This may be statesmanship of the highest order. For while experience shows that labor when dissatisfied may hold up war production even in a national emergency, experience also shows that no matter how badly the Government treats business, business can always be relied on never to retaliate by obstructing or retarding war production.

"In November, 1939, Thurman Arnold's anti-trust division exerted all the Government's strength in an effort to obtain the conviction of William S. Knudsen, then President of General Motors Corporation, so as to subject him to fine and imprisonment under the anti-trust laws. Having fortunately failed in this effort the Government in May, 1942, called upon Mr. Knudsen to serve in the Advisory Commission of the National Defense Council as head of the program of national defense production. It is typical of American business that Mr. Knudsen answered this call of the Government, and is now Lieutenant General Knudsen in the national service for the duration.

"In recent books, articles, speeches and statements Thurman Arnold is advocating a national economy compelling limitless production simply for abundance. In Mr. Arnold's national economy the fostering of trade practice standards, the dissemination of trade statistics, trade information and cost statistics, and the promulgation of uniform cost accounting principles, would all have to cease. For as explained in the Temporary National Economic Committee's monograph, although these are 'non-collusive measures stopping short of agreement,' nevertheless 'the difference between collusive and non-collusive approaches to the achievement of price stability essentially is one only of the directness of the device,' and all these 'non-collusive measures . . . operate by strengthening, implementing or articulating the belief of individual business men that mutual self-restraint in competing for the available business of an industry is a wise business policy.' Management would thus have to cease adjusting production to market demand.

"Similary in Thurman Arnold's national economy compelling limitless production simply for abundance all patent protection, trade-mark production and good-will protection would have to be reduced or eliminated. For though these for centuries have been characteristic of the national economy of all democratic nations, they contain the possibility of fostering brand or quality competition rather than price competition.

"Thurman Arnold's national economy compelling limitless production simply for abundance has been approximated only in Nazi Germany, Soviet Russia and Japan when they were preparing for and later carrying on this present war, and in the United Nations only after they were forced to imitate the behavior of these totalitarian nations in order to save themselves from extinction by them. Doesn't this suggest that Thurman Arnold's national economy may be a totalitarian and not a democratic idea?

"Before the Association of National Advertisers last November, and again in a newspaper interview in May this year, Leon Henderson declared that 'advertising is threatened with no special or extraordinary peril not shared by other economic and social organisms.'

"Mr. Henderson spoke only as Price Administrator, but if the Supreme Court should stretch the anti-trust laws in the directions indicated in the Temporary National Economic Committee monographs, advertising and selling would simply be in the same boat with 'other economic and social organisms.'

"Indeed they might fare even better. For this national economy compelling limitless production simply for abundance, as advocated by Thurman Arnold, would be to advertising and selling just another 'smart man's war.' With the curtailment of managerial adjustment of production to market demand, and with the reduction or elimination of patent protection, trade-mark protection and good-will protection, while materials and plant capacity released from war production are battling to win back their lost civilian markets, and while materials and plant capacity now supplying civilian markets are battling to hold these same civilian markets, production would have to slip from its present all-dominant position, and advertising and selling would not only regain their former importance, but they would also take over the greatest problem and the greatest opportunity that they have ever had in all history.

"Always when the going has been toughest, advertising and selling have achieved their greatest resourcefulness and their greatest efficiency. They have never flinched or lost a 'smart man's war.'"

Arbitration Award To NY Commerce Chamber

The 1942 Importers Guide Award for Distinguished Service in the Advancement of Arbitration in Foreign Trade was presented under the auspices of the American Arbitration Association to the Chamber of Commerce of the State of New York at a ceremony in the great hall of the Chamber on June 9. The presentation ceremony, which was attended by several hundred leading business men, was featured by an "off the record" speech by Lieut-Gen. Hugh A. Drum, Commanding General of the Eastern Command Division, and of the First Army.

The presentation of the award, which is given annually by the American Arbitration Association, was made by Thomas J. Watson, a Director of the arbitration group and Chairman of its Inter-American Commercial Arbitration Commission. Frederick E. Hasler, newly elected President of the New York State Chamber, accepted the award on behalf of its membership.

At the same ceremony, Col. Charles T. Gwynne, Executive Vice-President of the Chamber of Commerce of the State of New York, was presented with the 1942 medal for Distinguished Service in commercial arbitration by Lucius R. Eastman, Chairman of the Board of the Association. Col. Gwynne, one of the founders of the Arbitration Association, is completing his 48th year of service with the Chamber.

Life Insur. Companies Have Added Importance In National Economy In War Time, Says Pink

Discussing "Life Iusurance and the War," Louis H. Pink, New York State Superintendent of Insurance, declared on June 10 that "if life insurance is essential to the individual and to society in normal times, it is doubly so when the nation is under strain." "We have only," he said, "to think back a few years to the depression which ushered in this great war—to the billions of dollars poured back annually by this institution to salvage individuals, to protect the home, to keep business going —to realize how important and essential it is." Superintendent Pink went on to say:

Not every one is buoyed up by the stimulation of industry due to the war demand. With the dislocation of civil life, rationing and higher taxes and prices, many find it more difficult than ever to get along. And those who now work feverishly and overtime face the period of greatest economic danger with the coming of the peace. There must be no let-up in life insurance. No one connected with it and its beneficent purpose must be permitted to lose interest or doubt that it is vitally necessary in this crucial period.

The financing of the war effort is to a great extent the obligation of large financial institutions which gather together the people's savings. Life insurance companies and banks must assume a leading role. The funds made available to us by our great army of policyholders make this possible. The earnings and savings of the workers are canalized through our companies and play a direct part in the war effort. These funds are being translated into planes, guns, tanks and ships. Life insurance funds also play an important part in providing housing and in expanding the facilities of public utilities, agriculture and industrial enterprise of all kinds.

Already in this emergency our companies, which formerly carried only a small part of their investments in government bonds, have increased the percentage to about a quarter of all; a very large proportion of all new money invested goes into government bonds. The latest figures show that our legal reserve life companies now hold $7,300,000,000 in United States securities—almost double the entire cost of the Civil War—over eight times the total of government securities held by life companies at the end of the first World War.

Mr. Pink, who spoke during the Convention of the National Association of Insurance Commissioners in Denver, warned in his address that "a run-away inflation would be more dangerous to our economy and to the stability of government than war itself." He further declared:

It would deal particularly harshly with life insurance policyholders and those who have money in the savings banks. The inflation in Germany had much to do with the creation of a Hitler and the conditions which brought about this unbelievably cruel, terrible and senseless struggle. The aim for victory and for self-preservation will carry us through the war in unity. But with peace and the demobilization of our armies and of our war industries will come our greatest national trial.

John Maynard Keynes, the unorthodox economist who has been proven right in many things, foresaw the economic dangers of the peace of Versailles. Now he urges blocked deposits and forced savings to avoid inflation and to provide capital for industrial reconstruction when the war ends. In similar vein it is suggested by some of our economists that part of the excess-profits tax be set aside for the recovery.

Life insurance should be grateful to the Federal Government for its strenuous efforts to control prices and spending and prevent inflation. Life insurance in turn has a very real contribution to make in the campaign against inflation. The money put into insurance is withdrawn from the market for civilian goods. It is used for the war effort but the credit remains to bulwark the policyholder and the nation when demobilization comes. The great part it will play in the recovery is prevised by the aid given through the recent depression. The sale of life insurance is not competitive with war bonds. Life insurance moneys go into the same channels and provide a cushion for the dangerous years to come. In a sense they are blocked deposits.

In his address, Mr. Pink also said:

We had a war scare over Japan some years ago when another Roosevelt was President of the United States. Newspaper men asked a Japanese statesman what he thought of the possibility of war with the United States and he replied: "Such a notion is fantastic. Japan would be insane to fight your country. For just the instant that war was declared you would bring into action the most powerful engine of war that man has ever devised—the United States Treasury." So far the German Government has astonished the world by carrying on this huge contest on the basis of barter, forced sale and forced labor, pillage and confiscation. No economist ever thought that it was possible. But the Nazi financial structure has no foundation excepting fear, force and constant victory. The United States Treasury on the other hand has been able to secure the support of the United Nations because they know that there is a tangible backing for our currency and our financial promises and that in some way or other they will be redeemed. The power of the United States Treasury as an engine of war will become greater as the war progresses.

Referring to the enactment in New York State this year of a new statute providing for war clauses, Superintendent Pink said in part:

The clauses seem reasonable and should prove practical in operation. They may form a basis for reasonably uniform practice throughout the United States. But the war clauses specified in our law are merely a maximum. The companies cannot impose any harsher terms but they are at liberty to modify the war clauses in favor of the policyholder.

The difference of opinion in company managements as to the extent to which war clauses should be used is not surprising. It is entirely understandable that companies may differ as to how far they may go with safety to the main body of policyholders. Some believe that the hazard to human life growing out of invasion is sufficiently slight to warrant full coverage to all while they are within the United States and Canada. Others contend strenuously that in view of the unpredictable possibilities of modern war and the tactics of our enemies, the use of a war clause in the United States is necessary. It is my own judgment that the companies can without undue risk undertake to cover everyone in the United States and Canada without substantial restriction.

WPB Approves Pipeline From Texas To Illinois

The War Production Board on June 10 approved immediate construction of a 24-inch pipeline from Longview, Tex., to Salem, Ill., and it is expected to be completed within six months. The new 550-mile pipeline will have a total capacity of 350,000 barrels of oil daily, of which 250,000 would be transhipped from Salem to the East Coast by tank cars, barges and other facilities. The construction of this pipeline is expected to afford substantial although not complete relief to the East Coast oil supply situation.

In signing the pipeline order, Donald M. Nelson, Chairman of the WPB, said that "the WPB took this action after considering the changed situation with respect to oil tankers and military requirements, and after receiving assurances that prompt construction of the line will not interfere with delivery of steel or motor equipment orders for the War and Navy Departments or for the Maritime Commission's shipbuilding program."

It is stated that the line will require 125,000 tons of finished steel, as compared with 400,000 tons for the 1,500 mile Texas-to-New York line which was refused priorities on steel.

Consumption of critical materials, the WPB said, will be minimized by the substitution of cast iron for steel in some places and by the use of seamless steel tubing instead of steel plates, which are more urgently needed in the shipbuilding industry. It is said that the pipeline probably will carry more fuel oil than gasoline.

This action came after Mayor LaGuardia of New York City had appeared earlier the same day (June 10) before a Senate Commerce sub-committee to warn that unless the gasoline and fuel oil shortage in the East was solved before winter a major catastrophe might develop in the form of a breakdown in the safety and health of the people of these areas.

In Associated Press accounts from Washington June 11, WPB officials stated that the proposed pipeline's capacity may be stepped up ultimately from 300,000 to 450,000 barrels a day. It was added that cost of the line from Longview, Tex., to the vicinity of Salem, Ill., is expected to be $35,000,000 or $40,000,000, but that estimate may be a "little high."

Defense Petroleum Coordinator Harold Ickes had proposed the construction of the 1,500-mile Texas-to-New York pipeline last July but the Supply, Priorities and Allocations Board in September refused to grant priority ratings for the steel; referred to in these columns of Sept. 18, page 198.

Indicating that criticism of the WPB decision in favor of a pipeline from Texas to Southern Illinois or Indiana was voiced on June 11 by some industry experts familiar with the problem of supplying the Eastern rationing area, the New York "Journal of Commerce" of June 12 further stated in part:

Others were willing to consider it a hopeful beginning, although they emphasized that it would not be sufficient to assure even the essential supplies in this district. Washington officials, meanwhile, were working on the details of the project which will be a Government undertaking rather than one of the industry as originally planned. A larger capacity for the line also was considered possible by the officials.

The critics of the project pointed out that transportation of oil from the Eastern end of the line to the consuming area was probably more difficult than would be the transport of the oil by tank car and barge over the stretch to be covered by the approved part of the line. Thus, they say, it would have been far more logical to build a line from the Mid-Continent area to the East, if the whole Texas-New York line could not be approved at once.

Renew Effort To Get Govt. Bureaus For NY

Neal Dow Becker, newly elected President of the Commerce and Industry Association of New York, Inc., announced on June 10 that one of his chief interests at the outset would be to carry on with renewed vigor the Association's effort to have the Federal Government give more consideration to New York City in the decentralization of many of Washington's bureaus, agencies and commissions. Mr. Becker's election as President of the Association was noted on page 2203 of our June 11 issue.

The Commerce and Industry Association, in cooperation with the New York City Department of Commerce and local civic organizations, for several months, has been carrying on a campaign to transfer Government bureaus to New York. The effort has met with fair success, the Association reports, and it adds:

However, there still are many Government agencies to be removed from overcrowded Washington and the Association feels that New York City should be the choice of the Government officials in designating relocation.

A recent survey made by the Association among renting agents showed there is for rent in Manhattan alone more than 8,000,000 square feet of office space and that there is a vast surplus of dwelling space in apartments, and in one and two-family houses. Rental rates are within the means of Government employees. Washington hotels are jammed at all times while there is always available hotel accommodation here.

The survey estimated that it would take several thousand additional employees to fill up the unused office space in the financial district in New York alone.

"In the relocation of Washington bureaus, New York City is the reasonable and logical selection," said Mr. Becker. He went on to say:

It is handy to Washington and offers the best comfort and working conditions for employees. The city has an unprecedented amount of vacant office space available in modern buildings uptown and downtown. There is no housing shortage here. Transportation facilities to any part of the city or Nation are unsurpassed. New York City is the most suitable place for the relocation of Washington bureaus from every viewpoint and such transfers would be mutually advantageous to the Federal Government and to the City of New York.

War Risk Ins. Fund Upped

President Roosevelt signed on June 5 the resolution appropriating an additional $210,000,000 for the marine and war-risk insurance fund of the War Shipping Administration. The appropriation is designed to augment the original fund of $40,000,000 provided in July, 1940. At the current rate of ship sinkings it is estimated that the fund is liable for more than a ship a day. It is expected that the added funds, together with moneys on hand and current premiums, will be sufficient to meet requirements for from eight months to one year.

The House passed the legislation on May 21 and the Senate on May 28, as noted in our issue of June 4, page 2129.

Planting Completed In Guayule Rubber Plan

Completion of spring nursery planting for the guayule rubber production project is reported by the U. S. Department of Agriculture. The sowing of 21,000 pounds of seed in 520 acres of nursery beds at Salinas, California, had to be completed before the start of the dry season, according to the Department's advices, which further said in part:

The nursery planting, accomplished in two month's time, took all available seed acquired from the Inter-continental Rubber Co., and will provide enough seedling plants for about 50,000 acres of field plantations next winter.

The job, handled by the Forest Service, required in addition to seed treatment and sowing, an overhead irrigation system with 100 miles of pipe and duckboard tracks for machinery between nursery beds with enough boards laid end to end to reach one-third of the way across the United States. A seed-treating plant, equipment sheds, bunkers for 80 carloads of sand, five special planting machines, and a camp to house 1,000 workers have been constructed.

In addition to the nursery sowing, 900 acres of field planting, with 10,500,000 seedlings acquired from the Inter-continental Company, was completed in April. More than 15,000 plants were set out on the afternoon of March 5, the day the President signed the act authorizing the project. A very high percentage of survival is indicated, according to Regional Forester Evan W. Kelley, director of the project.

For the field planting program next fall and winter, a preliminary survey of regions suitable for guayule cultivation is being made in California, Texas, Arizona, and New Mexico. The planting of seedlings on 74 test plots in those States was completed a month ago.

It is anticipated that taking up seedlings in the nursery beds, for planting some 50,000 acres of leased land, will begin in late November. Between then and next April, 100 seedlings will have come out of the ground and be shipped and field-planted every second of every 10-hour working day during the planting season. If the seedlings were transported by rail, two freight trains of about 100 cars each would be required.

The passage by Congress of the so-called Guayule Rubber Production Act was noted in our March 12 issue, page 1062. In its advices of June 9 the Department of Agriculture stated that about 500 pounds of Russian dandelion (kok-saghyz) seed received by the Bureau of Plant Industry from Russia are being planted at Agricultural Experiment Stations and Forest Service nurseries in several northern States. The Department added:

This plant is harvested at the end of the first growing season, and is grown on about 2,000,000 acres annually in the Soviet Union. It yields from 30 to 60 pounds of rubber per acre per year. The Bureau of Agricultural Chemistry and Engineering is testing large quantities of rabbitbrush collected by rangers on western National Forests to determine the possibilities of extracting rubber from this common range shrub and to help determine the varieties with the highest rubber content.

A report from a Department representative in Mexico indicates increasing production of rubber from the wild guayule shrub there.

President Roosevelt Reveals 15-Months' Lend-Lease Aid Totals $4½ Billions

In submitting to Congress his fifth quarterly report on lend-lease operations, President Roosevelt on June 15 said that "lend-lease is no longer one way" since those who have been receiving aid have taken the initiative in reciprocating. The President reported that lend-lease aid in the 15-month period, March, 1941, through May 1942, totaled $4,497,000,000 in goods and services and is now being made available at a monthly rate equivalent to $8,000,000,000 a year.

In his letter transmitting the report, Mr. Roosevelt said that the United States' "reservoir of resources is now approaching flood stage" and that the next step is for the experts "to direct its full force against the centers of enemy power."

Pointing out that the United Nations are being equipped "to fight this world-wide war on a world-wide basis," the President stated that "by combined action now we can preserve freedom and restore peace to our peoples" and "by combined action later we can fulfill the victory we have joined to attain."

The President's breakdown of the figures showed that articles transferred so far were valued at $2,301,000,000 of which $2,138,-000,000 worth had been exported. Another $231,000,000 worth of goods is awaiting transfer or use and $841,000,000 worth of articles are in process of manufacture. A total of $824,000,000 has been spent in servicing and repairing ships and other war production facilities in the United States, and for the rental of ships, ferrying of aircraft, etc.

Of the total aid of $4,497,000,-000 extended in the 15 months, $1,927,000,000 was granted in the quarter ended May 31, 1942.

In his report, Mr. Roosevelt emphasized that the battle of production "is on the way to being won" and that "the battle of distribution is in its critical phase." He declared:

> The pressing immediate problem is to distribute our weapons where the need is greatest, and to get them there in sufficient quantities in the shortest time.

The President's report for the first time noted that the lend-lease program is not only serving as a major factor in the effort to win the war but is also emerging "as a factor in the combined effort of the United Nations to weave a pattern for peace." He stressed the fact that the basic agreements on lend-lease settlements after the war is over express the United Nations' intention "to avoid the political and economic mistakes of international debt experience during the Twenties."

On the matter of "Lend-Lease and the Peace," the President said:

> The lend-lease program has already become a prime mechanism in the combined efforts the United Nations are making to win the war. The program of lend-lease agreements is also emerging as a factor in the combined effort of the United Nations to weave a pattern for peace. Those agreements are taking shape as key instruments of national policy, the first of our concrete steps in the direction of affirmative post-war reconstruction.
>
> The agreement with Great Britain was signed on Feb. 23, 1942. On June 2, 1942, an agreement was made with the Republic of China embodying the same terms. On June 11, 1942, a similar agreement was signed with the Union of Soviet Socialist Republics. The provisions of these agreement are now being offered to our other allies receiving lend-lease assistance.
>
> These basic lend-lease agreements place the problem of the peacetime settlement in a realistic and appropriate setting. The agreements postpone final determination of the lend-lease account until "the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests" of the signatory nations, and which "will promote the establishment and maintenance of world peace." Final settlement has been postponed since the course of the war may further change the complexion of the issue.
>
> We are now in the war, as we were not in March, 1941, when the Lend-Lease Act was passed. We have pledged our resources without limit to win the war, and the peace which will follow it. We look forward to a period of security and liberty, in which men may freely pursue lives of their choice, and governments will achieve policies leading to full and useful production and employment. If the promise of the peace is to be fulfilled, a large volume of production and trade among nations must be restored and sustained. This trade must be solidly founded on stable exchange relationships and liberal principles of commerce. The lend-lease settlement will rest on a specific and detailed program for achieving these ends, which are, as Article VII of the agreements with Great Britain, China and Russia point out, "the material foundations of the liberty and welfare of all peoples."
>
> Cooperative action among the United Nations is contemplated to fulfill this program for economic progress, in the many spheres where action is needed. It is hoped that plans will soon develop for a series of agreements and recommendations for legislation, in the fields of commercial policy, of money and finance, international investment and reconstruction.
>
> Article VII of each of the basic agreements pledges that "the terms and conditions" of the final determination of the benefits to be provided the United States in return for aid furnished under the act "shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations." By this provision we have affirmatively declared our intention to avoid the political and economic mistakes of international debt experience during the twenties.
>
> A lend-lease settlement which fulfills this principle will be sound from the economic point of view. But it will have a greater merit. It will represent the only fair way to distribute the financial costs of war among the United Nations.
>
> The real costs of the war cannot be measured, nor compared, nor paid for in money. They must and are being met in blood and toil. But the financial costs of the war can and should be met in a way which will serve the needs of lasting peace and mutual economic well-being.
>
> All the United Nations are seeking maximum conversion to war production, in the light of their special resources. If each country devotes roughly the same fraction of its national production to the war, then the financial burden of war is distributed equally among the United Nations in accordance with their ability to pay. And although the nations richest in resources are able to make larger contributions, the claim of war against each is relatively the same. Such a distribution of the financial costs of war means that no nation will grow rich from the war effort of its allies. The money costs of the war will fall according to the rule of equality in sacrifice, as in effort.

The text of President Roosevelt's letter to Congress accompanying the report was as follows:

> To the Congress of the United States of America:
>
> This is the fifth 90-day report to the Congress on operations under the Lend-Lease Act.
>
> For the three months ending May 31, 1942, lend-lease aid amounted to more than $1,900,-000,000. For the fifteen-month period from March, 1941, through May, 1942, aid totaled $4,497,000,000 in goods and services. We are now making aid available at a monthly rate equivalent to $8,000,000,000 per year.
>
> Dollars figures do not portray all that is happening. The Congress has wisely set few limits to the types of aid which may be and are being provided. Food, over 5,000,000,000 pounds, and medicine have helped to sustain the British and Russian and Chinese peoples in their gallant will to fight. Metals, machine tools and other essentials have aided them to maintain and step up their production of munitions.
>
> The bombardment planes and the tanks which were ordered for them last Spring and Summer are now putting their mark on the enemy. The British pilots trained in this country have begun their work at Cologne and Essen.
>
> And lend-lease is no longer one way. Those who have been receiving lend-lease aid in their hour of greatest need have taken the initiative in reciprocating. To the full extent of their ability, they are supplying us, on the same lend-lease basis, with many things we need now.
>
> American troops on Australian and British soil are being fed and housed and equipped in part out of Australian and British supplies and weapons. Our Allies have sent us special machine tools and equipment for our munitions factories. British anti-aircraft guns help us to defend our vital bases, and British-developed detection devices assist us to spot enemy aircraft. We are sharing the blueprints and battle experience of the United Nations.
>
> These things, invaluable as they have proven, are not the major benefit we will receive for our lend-lease aid. That benefit will be the defeat of the Axis. But the assistance we have been given by our partners in the common struggle is heartening evidence of the way in which the other United Nations are pooling their resources with our own.
>
> Each United Nation is contributing to the ultimate victory not merely its dollars, pounds or rubles, but the full measure of its men, its weapons and its productive capacity.
>
> Our reservoir of resources is now approaching flood stage. The next step is for our military, industrial and shipping experts to direct its full force against the centers of enemy power. Great Britain and the United States have together set up expert combined bodies to do the job, in close cooperation with Russia, China and the other United Nations.
>
> They are equipping United Nations to fight this world-wide war on a world-wide basis. They are taking combined action to carry our men and weapons, on anything that will float, or fly, to the places from which we can launch our offensives.
>
> By combined action now, we can preserve freedom and restore peace to our peoples. By combined action later, we can fulfill the victory we have joined to attain. The concepts of the United Nations will not perish on the battlefields of this terrible war. It will live to lay the basis of the enduring world understanding on which mankind depends to preserve its peace and its freedom.
>
> FRANKLIN D. ROOSEVELT.
> The White House, June 11, 1942.

British-U. S. Policy On War Risks Compared

(Continued from First Page)

ments in productive activities can therefore be made with relatively great assurance that they can be paid for by wartime profits if postwar losses destroy the investment values.

The opposite condition exists in the United States. Undepreciated equipment purchased in wartime may become postwar losses. Wartime inventories, especially inventories - in - process, may suffer serious post-war depreciation in value. Retooling and converting plants and equipment from wartime to peacetime activities involve substantial costs. Civilian markets must be reestablished. All these costs and losses may be concentrated in one or a few postwar years during which period there may be no war profits to offset them. Under a 90% to 100% excess-profits tax rate, the government takes virtually all the profits on increased production, while enterprise stands practically all the risk. This could be corrected by adopting the British procedure of carrying postwar losses back to offset war profits and of providing refunds on the basis of such carrybacks. It could also be corrected in part by providing postwar refunds of a specified proportion of wartime taxes. It is doubtful, however, whether it would be politically possible to provide sufficient refunds to compensate adequately for the risks involved unless these refunds were based, in part at least, on postwar losses.

In addition to minimizing the risks, the British system provides a positive incenitve in the form of a postwar refund of 20% of the wartime excess-profits tax. Opinions will undoubtedly differ as to whether 20% is an appropriate incentive, or whether it should be more or less, but the British tried the excess-profits tax at 100% without any postwar monetary incentive and concluded that it interfered with production for the war.

If American industry is forced to allocate its profits to the war period and pay 90% to 100% taxes on them while it faces serious postwar risks with no prospects of relief, the effect may be quite serious to war production.

Government Must Comply With Price Ceilings

The Government may not violate its own price ceilings and has been directed to refund money it got from selling some things at prices above the limits set by the Price Administrator, under a ruling issued on June 5 by Lindsay C. Warren, Comptroller General. Mr. Warren, according to the Associated Press, said he did not know how much money was involved, but a few instances had come to light in which the Government had accepted bids for surplus items, particularly scrap paper, which were higher than price ceilings.

Treasury To Offer $1.5 Billion Issue

Secretary of the Treasury Morgenthau announced on June 15 that the Treasury plans to borrow $1,500,000,000 of "new money" this morning (June 18). The details of this open market borrowing as to the type of security and the terms of the offer were not made public at the time of the disclosure. It is generally expected in the market that the offering will consist of certificates of indebtedness—issuance of this type of obligation was resumed by the Treasury in April when $1,500,000,000 of 6½-month ½% certificates were sold. The last time they were previously offered was in 1934.

This new offering will be the final large one for the current fiscal year, Mr. Morgenthau explained, adding that the weekly offering of $300,000,000 of Treasury bills will continue. These bill offerings provide the Treasury with $150,000,000 in "new money" weekly.

Urge Tax Exemption Of Insurance Premiums

It is announced that leaders in life insurance circles both in Chicago and nationally are endorsing the resolution presented by Director Paul F. Jones, of the Illinois Department, before the National Association of Insurance Commissioners at their Convention at Denver. The resolution urges legislation that would permit the 60,000,000 life insurance policyholders in the United States to deduct life insurance premium payments from their Federal income tax return. The resolution presented by Director Jones follows:

> Whereas, the President and Congress are seeking legislation that will produce needed revenue for the war effort and at the same time enable our people to increase their savings and halt expenditures for consumer goods not essential to the requirements of our people;
>
> And whereas, the 60,000,000 life insurance policyholders in the United States should be encouraged to protect their future and that of their dependents through life insurance accumulations and thereby strengthen the basic economy of the nation and preserve the American tradition of free enterprise and self-reliance;
>
> Now therefore, be it resolved that this 73rd Convention of the National Association of Insurance Commissioners, endorses the principle of exempting from taxation premium payments on life insurance;
>
> Be it further resolved, that this Convention respectfully urges the Congress to enact measures exempting from the payment of Federal income taxes, such portion of life insurance premiums paid as may be just and equitable.

N. Y. P. O. Service Emblem

A Service Emblem in honor of more than 900 employees of the New York Post Office now serving in the armed forces has been placed over the main entrance of the General Post Office on Eighth Avenue, 31st to 33rd Streets. It was unveiled with appropriate ceremonies on June 8.

Pig Iron Statistics Not Published

Upon request of the Office of Censorship figures showing monthly production of pig iron will be omitted for the duration. The last statement, that for March, 1942, was given in the "Chronicle" of April 16, page 1551.

Agricultural Department General Crop Report As Of June 1

The Department of Agriculture at Washington on June 10 issued its crop report as of June 1, 1942. The estimated production of winter wheat is now placed at 646,931,000 bushels, which compares with the Department's estimate of 646,875,000 bushels a month ago and with a harvest of 671,293,000 bushels last year. Below is the report in part:

Crops and pastures have made a favorable start in nearly all States. As usual some areas have been too wet and some too dry but prospects have rarely averaged better at this season of the year. Half of the States reported crop prospects on June 1 at least as good for that date as in any of the past four years and only half a dozen States reported prospects below the four-year average for June 1. With adequate rainfall and good growing conditions in so much of the country, pastures have an excellent start and their condition averages higher than in any previous month since July, 1927. Prospects for both crops and pastures probably improved during the first part of June as a result of well distributed rains.

While definite forecasts of total crop production can hardly be made till plantings of late crops have been completed and growth of early crops is further advanced, present conditions fully support earlier expectations of increased plantings and light abandonment. Growing conditions are so generally favorable that another year of heavy production of crops and livestock seems probable. If the weather continues favorable, previous records of agricultural output in the United States may be considerably exceeded.

Not all crops or all States have been favored. In some of the Mountain States late frosts and cool weather have retarded growth and the area from central Colorado southward and southwestward is now in need of rain. Nevertheless, in most of the West crop prospects are good, ranges are in better than average condition and there are adequate supplies of water for irrigation. Crops are poorest in northeastern Texas and southeastern Oklahoma. There, a large acreage of oats and barley and some wheat was destroyed by aphides or "green bugs," and other crops have had a poor start because of excessive rain. In other portions of the South growing conditions were somewhat uneven and not much above the average at the same season in the last several years. On the other hand, crop prospects in the northern half of the country and on the Pacific Coast were mostly good to excellent except in limited areas where the frequent rains have interfered with the planting and cultivating of crops.

With the growth of early hay crops and small grains well advanced and harvesting begun, there seems justification for expecting good yields of these crops in the main producing areas. An excellent crop of hay seems assured. Even allowing for some shortage of labor for haying, the crop is likely to be one of the largest yet produced and it could easily top previous records. In addition, judging from present moisture conditions, a rather large tonnage of sorghum forage is likely to be produced.

Small grain yields are much less certain this early in the season but present indications are that the yield of winter wheat will be above the 1930-39 average in all except three States. In the Great Plains area where the droughts were most severe, the wheat yield will probably be more than 35% above the average for the decade. With light abandonment and good yields partially offsetting the reduction in the acreage seeded, winter wheat production is expected to be about 647,000,000 bushels, only 4% less than production last year. Spring wheat has made a good start except where seeding was delayed by wet weather. It is well supplied with moisture at present and the reported condition is the highest for June 1 since 1923. With light abandonment and a good yield the most likely prospect, spring wheat is expected to push total wheat production to nearly 870,000,000 bushels. Allowing for stocks on hand this would indicate a record supply of wheat.

The oats crop was nearly a complete failure in parts of Texas and Oklahoma, but prospects are generally favorable in the Corn Belt States and total production is expected to be 1,252,000,000 bushels which would be slightly above production in any of the last 10 years. Barley production seems likely to pass the 400,000,000-bushel mark for the first time, and 76,000,000 bushels from last year's crop is still held on the farms. The rye crop is estimated at more than 54,000,000 bushels, a volume exceeded only twice since the 1917-24 period of heavy exports.

Prospects for fruit production are still indefinite but the reports received seem to indicate that the total output is likely to be moderately above average. Citrus fruits for harvest this summer will be in smaller supply than last year but the orange and grapefruit crops that will begin to move next fall are likely to be large. Apples show only average prospects, partly because of unfavorable weather at blooming time in the northeastern and north central States. The production of peaches, pears, cherries and California plums is expected to be well above average, but apricot production is expected to be slightly below average and dried prune production materially less than average.

Prospects for vegetable crops have improved moderately. The production of commercial truck crops in the areas shipping during June is expected to be nearly 7% above production in the same areas last year. Plantings of cabbage and onions in late States have been increased. The vegetable areas along the Atlantic Coast from Virginia to central New Jersey have been suffering from lack of rain. Early reports on the principal vegetables for canning and freezing indicate about normal progress with some setbacks from dry weather along the Central Atlantic Coast but generally favorable conditions in Northern States.

Corn

Planting of corn was delayed from a few days to as much as three weeks by cool, wet weather. However, rapid progress was made toward the end of May so that by June 1 most of the crop was planted, except in South Dakota where the delay was serious. There was considerable replanting necessary in many States as a result of excessive rains and poor germination. In the Corn Belt, corn is not in as good a condition as a year ago, but it is better than at the same time in 1940. On the whole, however, the crop was making satisfactory progress despite delayed planting. The percentage of the crop planted with hybrid seed is expected to show an increase again this year, ranging from moderate increases in the central Corn Belt to sizable increases in surrounding States.

Wheat

The total wheat production of 868,059,000 bushels indicated June 1 is 8% less than the 945,937,000 bushels crop last year, but is substantially above the 10-year (1930-39) average of 747,507,000 bushels.

The indicated winter wheat production of 646,931,000 bushels is about 4% less than last year's crop of 671,293,000 bushels, but 14% above the 10-year average of 569,417,000 bushels. During May winter wheat had, in most sections, the moisture supply needed to sustain the heavy plant growth that developed under the wet, cool conditions of April. The moisture supply during May, however, was less than needed in a part of the southwestern hard red winter wheat States, including the southwestern part of Kansas, the Panhandle areas of Oklahoma and Texas, and eastern New Mexico and Colorado. In that area surface moisture was becoming depleted by the end of May by dry winds and heavy plant growth, and a critical surface moisture condition was developing. Moisture conditions in much of that area have improved, however, since June 1. Prospects improved during May in the northern Plains States and the northwest. In the southeastern soft red winter wheat States the dry conditions during April shortened the straw, but heads are filling well and prospects in general improved during May.

The indicated probable yield of 17.8 bushels per acre compares with 17.0 bushels last year, and the 10-year average of 14.4 bushels. The deterioration of the crop in the southwestern hard red winter wheat States with too scant surface moisture during May amounted to a half bushel per acre decline in yield prospects in Texas, Oklahoma and Colorado and 6/10ths of a bushel in Kansas. In spite of the decline from the earlier yield prospects in this area, June 1 indicated yields are above average in all winter wheat States excepting Illinois, Missouri and Arizona. In most of the soft red winter wheat States, east of the Missouri River, indicated yields are above those forecast May 1 by 0.5 to 1.5 bushels per acre. In the Northwestern States increases in yields ranged from 0.5 to 2.0 bushels per acre.

The indicated production of all spring wheat as of June 1 is 221,128,000 bushels. This forecast is based on the intended acreage as published in the March Prospective Plantings report and prospective yields based on June 1 conditions. Indicated June 1 yields are above average in practically all States. The indicated 1942 production represents a sharp decrease from last year's production of 274,644,000 bushels due largely to reduced acreage, but is well above the 10-year average production of 178,090,000 bushels. The 89% condition of spring wheat is the highest for June 1 in 19 years. On the same date last year it was 87% and the 10-year average is 74%. Although the early cold, wet weather delayed spring wheat planting somewhat and early growth was slow, the moisture situation in the principal spring wheat States is unusually promising. The yield indicated by June 1 condition is 14.4 bushels per seeded acre, the highest in 14 years.

Oats

Based on the prospective acreage reported in March, the June 1 condition of oats indicates a production of 1,252,380,000 bushels, compared with the 1941 production of 1,176,107,000 bushels and the 10-year (1930-39) average of 1,007,141,000 bushels.

Except in the Northeast, some North Central States, and in the Pacific Coast area, oats on June 1 were somewhat less promising than the crop harvested in 1941. However, June 1 indicated yields were above those of the 10-year (1930-39) average in all but a few States. Oklahoma and Texas reported severe damage and considerable abandonment of both spring and winter oats acreage due to green bugs. In the West North Central States, indicated oats yields are above average in all States and above last year in all except North Dakota and Nebraska, where late seeding and continued cool, wet weather have retarded growth. In the eastern Corn Belt States, the crop was planted rather late. It was retarded in some States by dry weather in late April, but generally improved in May, with the earlier fields headed out.

Outside of the important Corn Belt area, May weather was too wet and cool for oats over most of the Northern States. Excessive moisture combined with cool weather resulted in a late start of the crop in the Northern Rocky Mountain States. Plantings were late in some Eastern States.

Harvesting of winter oats is now under way in the Southern States. Yields are running well below average in the Texas-Oklahoma Panhandle due to green bug damage. They are exceptionally good in Arkansas, well above average in Louisiana and Mississippi, and slightly above average in the other Southern States.

Barley

The production of barley indicated by condition as of June 1 is 401,843,000 bushels, about 43,000,000 bushels, or 12% more than the production in 1941. Condition on June 1 was reported at 84% of normal, compared with 83% in 1941 and 77%, the 10-year (1930-39) average. Yields above the 10-year average on seeded acreage are in prospect in all important barley producing States except Illinois, Missouri, Texas, and Maryland. Green bugs have severely damaged the crop in Texas and Oklahoma. Although the crop in the North Central States made a slow start due to the cold spring, recent warm weather has caused rapid improvement. Indicated yields in all States east of the Mississippi River equal or are better than in 1941 except in Indiana, Illinois, and Kentucky. Indicated yields west of the Mississippi are generally below the 1941 yields except in Iowa, South Dakota, California, and Arkansas.

Farm stocks of barley on June 1 totaled 76,260,000 bushels, or 21.3% of the 1941 production, and were nearly 11,000,000 bushels more than the June 1 farm carryover in 1941.

Rye

Continued excellent prospects for rye now indicate a crop of 54,397,000 bushels, the largest crop since 1938. This indicated production is 20% larger than last year and 41% above the 10-year (1930-39) average. The estimated yield of 14.4 bushels per acre is the highest since 1927 and exceeds the 10-year (1930-39) average by more than three bushels per acre. Above average yields are expected for all States. May weather in the leading rye States was favorable for development of the crop which is largely in the headed stage at this time. Prospects improved since May 1 in South Dakota and Wisconsin and continued very favorable in North Dakota, Minnesota, and Nebraska. In States east of the Mississippi River, the yield outlook was mostly better than a month ago. However, dry weather in Kansas, Oklahoma, and Texas caused some decline in prospects for these States but above average yields are still expected.

Farm stocks of old rye on June 1, 1942, amounted to 13,795,000 bushels, or about 18% below the 16,840,000 bushels on farms a year earlier, but 60% above the six-year (1934-39) average June 1 farm stocks of 8,637,000 bushels.

Early Potatoes

The June 1 average condition of early potatoes in the 10 Southern States and California was the same as that of May 1. Slight declines were reported for North Carolina, Mississippi, Arkansas, Florida, Oklahoma, and Texas but these were offset by improvement in the crops in Georgia, Alabama, Louisiana, and California. South Carolina remained unchanged. Condition in these 11 States on June 1 averaged 78% compared with 68% on June 1, 1941, and the 10-year (1930-39) average of 73%. Production of the early **commercial** crop in these States and Tennessee is indicated to be 27,555,000 bushels compared with 28,064,000 bushels produced last season. Production of early commercial potatoes in the intermediate States of Georgia (north), Kansas, Kentucky, Missouri, Virginia, and Maryland is indicated to be 8,703,000 bushels compared with 8,560,000 bushels last year.

FDR Calls On People To Turn In Old Rubber

President Roosevelt, in a 5-minute radio talk on June 12, inaugurated the campaign to collect old and discarded rubber articles—setting aside as the collection period the two-weeks from June 15 to 30. The President urged the people to make an active search for articles of rubber and to take them to the nearest gasoline filling station where one cent a pound will be paid.

In his talk Mr. Roosevelt explained that it was necessary to know how much used rubber there is in the country in order that plans may be made accordingly "for the best use of the rubber we have." Pointing out that 92% of our normal supply of rubber has been cut off by the Japanese, the President stated that the situation is serious because "modern wars cannot be won without rubber." He further said that while a stockpile had been built up before the war started and that a synthetic rubber industry is now being built up, neither nor both together "will be enough to provide for the needs of our great new Army and Navy plus our civilian requirements as they now exist."

The President gave these two "simple rules" for the rubber emergency:

1. Turn in all the old rubber—anywhere and everywhere.

2. Cut the use of your car—save its tires by driving slowly and driving less.

A White House statement regarding the drive, said:

> In attempting to deal with the rubber problem, the government must count on the scrap rubber which has been collected or which plainly can be collected.
>
> The Army and Navy have already been forced to cut their use of rubber by 25%. If the collection campaign yields a large amount of rubber, it may be possible to protect the country's military supply of rubber, as well as help meet essential civilian needs.
>
> It is hoped that the campaign will recover most of the nation's hidden stocks of used, outworn or discarded rubber items. The drive is aimed not only at collecting worn-out tires and tubes but also such items as rubber mats, rubber-soled shoes, old hot-water bottles, jar rings, raincoats, rubber ashtrays and hundreds of other articles made in whole or in part of rubber.

Plans for the rubber scrap campaign were referred to in our June 11 issue, page 2198.

The President's radio talk on rubber follows:

> I want to talk to you about rubber—about rubber and the war — about rubber and the American people.
>
> When I say rubber I mean rubber. I don't mean gasoline. Gasoline is a serious problem only in certain sections of the country.
>
> But rubber is a problem everywhere—from one end of the country to the other—in the Mississippi Valley as well as in the East—in the oil country as well as in the corn country or

the iron country or the great industrial centers.

Rubber is a problem for this reason—because modern wars cannot be won without rubber and because 92% of our normal supply of rubber has been cut off by the Japanese.

That is serious. It would be more serious if we had not built up a stockpile of rubber before the war started: if we were not now building up a great new synthetic rubber industry. That takes time, so we have an immediate need.

Neither the stockpile, nor the synthetic plants which are now being built, nor both together, will be enough to provide for the needs of our great new Army and Navy plus our civilian requirements as they now exist.

The Armed Services have done what they can. They have eliminated rubber wherever possible. The Army, for example, has had to replace rubber treads with less efficient steel treads on many of its tanks. Army and Navy estimates of use of rubber have had to be curtailed all along the line.

But there is a limit to that.

You and I want the finest and most efficient Army and Navy the world has even seen — an Army and Navy with the greatest and swiftest striking power. That means rubber—huge quantities of rubber — rubber for trucks and tanks and planes and gun mounts — rubber for gas masks and rubber for landing boats.

But it is not the Army and Navy alone which need rubber. The process of production also needs rubber. We need rubber to get our war workers back and forth to their plants—some of them far from workers' homes. We need rubber to keep our essential goods and supplies moving.

All this adds up to a very serious problem — a problem which is a challenge to the sound judgment of the government and to the ingenuity of the American people. It is a problem we Americans are laboring to solve—a problem we will solve.

But there is one unknown factor in this problem. We know what our stockpile is. We know what our synthetic capacity will be. But we do not know how much used rubber there is in the country—used rubber which, the country—used rubber which, reclaimed and reprocessed, can be combined with our supplies of new rubber to make those supplies go farther in meeting military and civilian needs.

Specifically, we don't know how much used rubber there is in your cellar—your barn—your stock room—your garage—your attic.

There are as many opinions as there are experts, and until we know we can't make our plans for the best use of the rubber we have.

The only way to find out is to get the used rubber in where it can stand up and be counted. And that precisely is what we propose to do.

We are setting aside the two weeks period from June 15 to June 30—from 12:01 a.m., June 15 to 12:00 midnight, June 30—to get the old rubber in.

We have asked the filling station operators — the thousands upon thousands of citizens who operate gas stations and garages from one end of the country to the other—to help. And they have generously and patriotically agreed to help; they and the oil companies which serve them.

They have agreed to take the old rubber in and to pay for it at the standard rate of a penny a pound—an amount which will later be refunded to them by the government.

I know that I don't need to urge you to take part in this collection drive. All you need to know is the place to take your rubber and the time to take it there—and the fact that your country needs it.

We do not want you to turn in essential rubber that you need in your daily life—rubber you will have to replace by buying new things in the store. We do want every bit of rubber you can possibly spare—and in any quantity—less than a pound—many pounds. We want it in every form—old tires, old rubber raincoats, old garden hose, rubber shoes, bathing caps, gloves—whatever you have that is made of rubber. If you think it is rubber, take it to your nearest filling station.

Once the rubber is in, we will know what our supplies of used rubber are and we will make our plans accordingly. One thing you can be sure of—we are going to see to it that there is enough rubber to build the planes to bomb Tokyo and Berlin—enough rubber to build the tanks to crush the enemy wherever we may find him—enough rubber to win this war.

Here are two simple rules for this rubber emergency.

1. Turn in all the old rubber —anywhere and everywhere.

2. Cut the use of your car—save its tires by driving slowly and driving less.

I know the nation will respond.

90% of NAM Members In War Bond Plans

More than 90% of the member plants of the National Association of Manufacturers are participating in War Bond and Stamp purchase plans, William P. Witherow, N. A. M. President, reported on June 14. Basing his statement on preliminary information from 55% of the Association's 8,000 members, Mr. Witherow indicated that latest tabulations continue to show "impressive" support for the war financing campaign. The report, tendered to Secretary of the Treasury Morgenthau, was coupled with an appeal to all Association members for 100% support of the Government's voluntary payroll deduction plan which is now being used by 75% of the reporting companies. The other 16% of the reporting companies are using a variety of plans other than voluntary payroll deductions.

Lauding the Secretary's efforts, Mr. Witherow said:

> It is good personal finance because it provides a safe investment which helps to curb the inflationary tendency of wartime operations; it is good patriotism because the money thus invested goes for war equipment to uphold our magnificent fighting forces on the far flung battle lines; it is good democracy because you have wisely placed it on a voluntary basis and the voluntary assumption of responsibilities is a hallmark of democracy.

Predicting an even more impressive record for the future, Mr. Whiterow's letter of transmittal read in part:

> I believe you will also be gratified by the deduction drawn by our statisticians from the comments accompanying the returns from many companies—namely, that the payroll deduction plan is just on the threshold of even more spectacular success; that the extent of employee participation is just now gathering real momentum. These trained statisticians are unanimous in thinking that the future months will see a far more impressive record.

Supreme Court Rules Over-Time Pay Should Be 150% Of Regular Pay Rate

Ruling on the requirement in the Wage-Hour Law calling for the payment of overtime beyond 40 hours a week, the United States Supreme Court on June 8 held that an employee should be paid 150% of his regular pay rate, and not 150% of the Act's minimum pay provisions. Thus, the Court is said to have ruled, no matter how far a worker's regular pay exceeded the minimum, he still would be entitled to time-and-a-half pay for overtime. At the same time, however, said the Associated Press in reporting the Court's conclusions, the Court upheld a system by which an employer contracted to pay his employees a fixed sum each week, the amount being designed to cover overtime at the statutory time-and-a-half rate but the fixed sum to be paid for either a regular or an overtime week. It said there was no hard-and-fast rule for determining "regular" pay. The Associated Press, in its Washington advices June 8, further said:

> The Court found that Congress intended the Wage-Hour Act to penalize employers working their men more than 40 hours a week, observing that "reduction of hours was a part of the plan from the beginning." This purpose had been denounced by a litigant as "square in the face of the needs of national defense."
>
> The decisions, interpreting the law's overtime pay provisions for the first time were made in two cases which may be summarized as follows:
>
> (1) The Overnight Motor Transportation Company, of Baltimore, employed William H. Missel at $27.50 a week. His hours were variable, but he averaged 65 a week, and sometimes worked 80. The law then fixed 25 cents an hour as the minimum wage and Missel got nothing extra for overtime because the company contended it already was paying him more than required, figuring 40 hours at 25 cents, or $10, plus 40 more at 37½, or $15, totaling $27.
>
> Under the Court's ruling, however, Missel's regular pay was $27.50 for 40 hours. Since this came to about 68 cents an hour, he would be entitled to pay at the rate of $1.02 an hour for hours beyond 40. The Court (8 to 1) upheld Missel's right to claim damages equal to the overtime pay even though the employer acted in good faith;
>
> (2) The A. H. Belo Corporation, publisher of the Dallas (Texas) "Morning News" and owner of Radio Station WFAA, contracted with its employees when the wage-hour law took effect to continue paying them their existing salaries for their existing hours. The contracts stipulated an hourly rate, obtained in most cases by dividing the guaranteed weekly salary by 60.
>
> Thus, if a man's salary was $60 a week his regular hourly rate would be $1 and his overtime rate $1.50. If he worked 40 hours he would get the full $60, but he might be required to work up to 53 hours for the same pay, since 40 hours at $1 and 13 hours at $1.50 would come to only $59.50. But if he worked 54 hours or more he would get more than $60.
>
> The Court, in a 5-to-4 decision, found that this complied with the law.
>
> Justice Byrnes, in the majority decision, said that "nothing in the act bars an employer from contracting with his employees to pay them the same wages that they received previously, so long as the new rate equals or exceeds the minimum required by the act."
>
> "When employer and employees have agreed upon an arrangement which has proven mutually satisfactory," Byrnes wrote, "we should not upset it and approve an inflexible and artificial interpretation of the act which finds no support in its text and as a practical matter eliminates the possibility of steady income to employees with irregular hours."
>
> Justices Reed, Black, Douglas and Murphy dissented, saying that by such a "device" as the Belo contract, "astute management may avoid many of the disadvantages of ordinary overtime, chief of which is definite increase in the cost of labor as soon as the hours worked exceed the statutory workweek."
>
> Justice Reed, who wrote the dissenting opinion in the Belo case, wrote the majority opinion in the Missel case, an 8-1 decision. Justice Robert's dissented, but wrote no opinion.
>
> The Missel decision said that the purpose of the wage-hour act "was not limited to a scheme to raise substandard wages," but that the overtime pay requirement was designed also to apply "financial pressure . . . to spread employment." The law took effect in 1938.
>
> "In a period of widespread unemployment and small profits," Justice Reed said, "the economy inherent in avoiding extra pay was expected to have an appreciable effect in the distribution of available work."
>
> In both cases the Supreme Court upheld the lower courts.

U. S., Russia Sign Lend-Lease Accord

The State Department at Washington announced on June 11 that the United States and the Soviet Union have signed a master lend-lease agreement, providing for reciprocal assistance in winning the war and for cooperation in practical measures for a "new and better world."

The agreement was signed by Secretary of State Cordell Hull and Maxim Litvinov, the Soviet Ambassador.

In announcing the agreement, the State Department described it as "an additional link in the chain of solidarity being forced by the United Nations in their twofold task of prosecuting the war against aggression to a successful conclusion and of creating a new and better world."

The Department's announcement further said:

> The agreement reaffirms this country's determination to continue to supply in ever-increasing amounts aid to the Soviet Union in the war against the common enemy. The agreement also provides for such reciprocal aid as the Soviet Union may be in a position to supply. But no matter how great this aid may prove to be, it will be small in comparison with the magnificent contribution of the Soviet Union's armed forces to the defeat of the common enemy.

The agreement with Russia it is understood is similar in essential respects to the lend-lease pact signed with Great Britain on Feb. 23 and with China on June 2. (The text of the British agreement appeared in our issue of March 5, page 953, while signing of the Chinese agreement was noted in these columns June 4, page 2119.)

The proposed draft of the Soviet agreement was handed to Ambassador Litvinov by Secretary Hull on May 26.

A further comment by the State Department on the fact follows:

> The agreement signed today adds the Soviet Union to the growing list of countries which have joined in a determination to take practical measures to create a better world hereafter. The agreement does not attempt to foresee or to define precise and detailed terms of settlement. Broad principles are laid down in the agreement designed to prevent any narrowly conceived settlement which might have disastrous effects on the economic welfare of our own people, the Soviet people and the world generally.

Article VII of the new agreement, identical with the wording in the British pact, follows:

> In the final determination of the benefits to be provided to the United States of America by the government of the Union of Soviet Socialist Republics in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end they shall include provision for agreed action by the United States of America and the Union of Soviet Socialist Republics open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the joint declaration made on Aug. 14, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom, the basic principles of which were adhered to by the government of the Union of Soviet Socialist Republics, on Sept. 24, 1941.

Main Unit Of Grand Coulee Dam Completed

Completion of the main unit of the Columbia River (Wash.) development project was marked on June 1 when waters poured through the spillways of the Grand Coulee Dam — creating America's mightest waterfall. No formal ceremony was held to hail the eight and one-half years of work on the project. When the spillway gates were opened for the first time, the waterfall created was 1,650 feet wide and 320 feet high, twice the height of the famous Niagara Falls.

From United Press advices of June 2, the following is taken:

> Present volume of the waterfalls was computed at 200,000 cubic feet per second, or 1,500,000 gallons. At average flood peak, 530,000 cubic feet per second will roar over the face of the dam.
>
> The huge dam's main task of providing power will not be fully accomplished for six or seven years. It will take that long to install enough huge generators to reach the maximum power production of 2,000,000 kilowatts.
>
> Already, however, three 108,000 kilowatt generators have been installed. They are operating near full capacity, and the power is harnessed to the U. S. war machine, helping produce thousands of pounds of aluminum.
>
> Water from Grand Coulee, over an estimated 35 to 45 years, will change nearly 1,200,000 acres of land—now virtually a desert—to fertile soil. The now barren land will support 25,000 to 40,000 families, engineers predicted.

Retail Prices Record First Decline In Years, According To Fairchild Publications Index

For the first time since July 1, 1938 a decline was recorded for retail prices. The Fairchild Publications retail price index shows a fractional reaction of 0.2% on June 1, 1942 from May 1. However, prices are still 17.5% above June 1, 1941, and 27.3% above the low immediately preceding the outbreak of war in 1939. The reaction of 0.2% follows a gain of 0.8% in April, of 0.5% in March, of 1.5% in February and 1.8% in January.

Under date of June 15, Fairchild Publications further state:

Each of the major groups showed a decline during May, with the greatest reaction in piece goods and men's apparel. Home furnishings showed the smallest decline. In comparison with a year ago piece goods and women's apparel show the greatest gain, and infants' wear the smallest gain. In comparison with the 1939-40 low piece goods and home furnishings still show the greatest gains.

Most of the commodities included in the Fairchild Publications Retail Price Index showed declines during the month. The greatest reactions were in cotton piece goods, sheets and pillow cases, men's hosiery and underwear, men's hats and infants' shoes. No one item showed a gain during the month, although a number of them remained unchanged. Compared with a year ago the greatest gain still continues in cotton piece goods, sheets and pillow cases, women's hosiery and aprons, men's hosiery and underwear.

The peak in retail prices was reached in March, at least for a time according to A. W. Zelomek, economist under whose supervision the index is compiled. Upward revisions will occur, however, should the Office of Price Administration allow adjustments where hardships are met. If it were possible to include style items it would be found that prices for similar quality merchandise will be higher for Fall 1942 than for Fall 1941. This is in line with the latest OPA regulation affecting women's outerwear. However, the advance in staple items has been halted.

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
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	May 1, 1933	June 1, 1941	Mar. 1, 1942	Apr. 1, 1942	May 1, 1942	June 1, 1942
Composite Index	69.4	96.3	111.9	112.5	113.4	113.2
Piece Goods	65.1	89.6	110.8	111.8	112.6	112.2
Men's Apparel	70.7	89.7	102.7	104.2	105.6	105.2
Women's Apparel	71.8	94.3	111.2	112.1	113.2	113.0
Infants' Wear	76.4	97.7	106.7	107.5	108.6	108.3
Home Furnishings	70.2	98.9	114.3	115.1	115.8	115.7
Piece Goods						
Silks	57.4	70.4	83.9	84.7	85.1	84.9
Woolens	69.2	90.7	106.6	107.8	108.5	108.4
Cotton Wash Goods	68.6	107.7	141.8	142.8	144.1	143.4
Domestic						
Sheets	65.0	97.3	124.9	126.7	127.7	127.2
Blankets & Comfortables	72.9	118.4	132.0	134.3	135.2	135.2
Women's Apparel						
Hosiery	59.2	73.2	91.5	92.7	94.8	94.5
Aprons & House Dresses	75.5	107.1	138.4	139.5	141.0	140.8
Corsets & Brassieres	83.6	93.1	108.1	110.0	111.4	111.4
Furs	66.8	*116.8	*135.3	*135.3	*136.3	*136.1
Underwear	69.2	87.4	102.1	102.4	103.1	102.8
Shoes	76.5	89.0	91.6	92.1	92.5	92.5
Men's Apparel						
Hosiery	64.9	87.4	104.9	106.0	108.6	108.1
Underwear	69.6	92.0	111.7	114.4	115.6	114.7
Shirts & Neckwear	74.3	86.3	97.9	98.8	99.6	99.2
Hats & Caps	69.7	84.1	91.8	92.7	94.9	94.3
Clothing incl. Overalls	70.1	92.8	103.4	104.7	105.3	105.1
Shoes	76.3	95.3	106.6	108.3	109.8	109.6
Infants' Wear						
Socks	74.0	103.6	112.0	113.4	115.6	115.1
Underwear	74.3	95.2	102.8	103.2	103.8	103.8
Shoes	80.9	94.4	105.2	105.8	106.4	105.9
Furniture	69.4	110.1	129.8	129.1	129.3	129.2
Floor Coverings	79.9	132.1	144.8	145.2	147.0	146.8
Radios	50.6	*53.8	*66.6	*66.7	*66.8	*66.8
Luggage	60.1	*77.2	*93.3	*94.7	*95.2	*95.0
Electrical Household Appliances	72.5	*81.5	*92.7	*93.5	*93.6	*93.6
China	81.5	99.1	109.6	110.4	110.9	110.8

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

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

Electric Output For Week Ended June 13, 1942 Shows 11.7% 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 13, 1942, was 3,463,528,000 kwh., which compares with 3,101,291,000 kwh. in the corresponding period in 1941, a gain of 11.7%. The output for the week ended June 6, 1942, was estimated to be 3,372,374,000 kwh., an increase of 9.6% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— June 13, '42	June 6, '42	May 30, '42	May 23, '42
New England	6.8	7.4	14.6	9.8
Middle Atlantic	9.4	5.8	9.2	8.2
Central Industrial	8.2	7.3	12.6	9.0
West Central	11.7	10.4	10.4	8.2
Southern States	18.8	14.2	10.7	15.4
Rocky Mountain	5.7	1.3	7.0	4.6
Pacific Coast	17.0	17.6	22.1	19.2
Total United States	11.7	9.6	12.5	11.2

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
June 13	3,463,528	3,101,291	+11.7	2,664,853	1,441,532	1,699,227
June 20	------	3,091,672	------	2,653,788	1,440,541	1,702,501
June 27	------	3,156,825	------	2,659,825	1,456,961	1,723,428

Steel Production Continues at High Rate—Lend-Lease Steel Requirements Increase

"Adaptability of industry to changing demands of war is being tested again this week by the tremendous increase in Lend-Lease steel requirements and shipments," says "The Iron Age" in its issue of today (June 18), further adding: "Lend-Lease production of steel over the next 60 days is expected to attain a level far above that reached at any other time since war was declared. Inevitably this call for steel exports is strongly affecting the domestic picture. Mill schedules have had to be quickly changed. A shortage of this metal is threatening most non-integrated steel makers and certain allocated and A-1a business on integrated mill order books is being pushed aside to make room for Lend-Lease production. Within the next month or so some non-integrated steel mills may either shut down or run less than 50%. Certain departments in the large integrated mills may face the same situation. For another week the steel supply outlook has clouded for less urgent war needs and for essential civilian war needs.

"Coming with the tight situation in semi-finished steel is the returning threat of a scrap shortage. 'The Iron Age' is told that efforts of steel mills to accumulate backlogs of scrap have been unsuccessful so far. Collections and loadings have fallen off recently, the loading decline being ascribed to strict adherence to OPA regulations, cleaning up of some automobile graveyards to which cars are not coming at the expected rate, and the completion of many local scrap drives which bring in 'non-recurring' material.

"While adjustments of steelmaking schedules in the Chicago and Birmingham areas have been made to permit much needed repairs, the falling off in operations at those points is insufficient to offset substantially higher operations in other districts."

The American Iron and Steel Institute on June 15 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.3% of capacity for the week beginning June 15, compared with 99.3% one week ago, 99.2 one month ago and 99.0% one year ago. This represents a decrease of 1.0 point or 1.0% from the preceding week. The operating rate for the week beginning June 15 is equivalent to 1,669,700 tons of steel ingots and castings, compared to 1,686,700 tons one week ago, 1,685,000 tons one month ago and 1,597,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on June 15 stated in part: "More efficient distribution of steel and iron products is being achieved under War Production Board regulations and enlarged production is making for a better situation in many products. While application of priority to ingot output is limiting supply of semi-finished steel for some uses, notably in sheets and wire, salutary effects are attained in volume of heavier product sessential to the war, including plates, structurals and bars. In cases where need for the former is pressing directives are issued to cover essential supply.

"Decrease in number of steel orders continues although total volume is greater than production, even at the current high rate. Practically all new bookings are in the A-1 group, by far the larger portion at A-1-a. Cancellation of unrated tonnage is virtually completed and mill books are in better condition than for a year. Even with this reduction order books contain tonnage for full production for many months.

"Growing use of alloy steels is indicated by the fact that 1941 steel output was 9.9% alloy and this year promises to produce twice as much alloy steel as the best peacetime year.

"Plate production in May reached 1,012,195 tons, exceeding by 116,223 tons the previous mark of 895,971 tons made in April. Contribution to plate tonnage by converting continuous strip mills to plate production is indicated by the total of 425,211 tons rolled on these mills in May.

"Steel ingot and castings production in May totaled 7,386,890 net tons, 264,577 tons more than in April and 342,325 tons more than in May, 1941, the latter being a gain of 5%. The May total was within a fraction of 1% of the all-time peak attained in March, this year, lacking only 6,021 tons of equaling. Relating ingot tonnage produced to steel-making capacity the industry operated at an average of 98.2%, the same as in March. In May, 1941, the industry operated at 98.5% on substantially less capacity than at present."

From Washington

(Continued from First Page)

Lowell Mellett's OGR than of any other agency in our midst. It has always been wrongly associated with propaganda. Just about five percent of it is devoted to preparing records for the smaller broadcasting stations around the country, other work that can be classed under the head of propaganda.

The organization has been, essentially, Mr. Roosevelt's private detective agency, although Lowell outwardly, but not inwardly flinched at that term, when after a detailed explanation of his work once before the House Appropriations Committee, he was asked if this was not it. But his description properly provoked the question.

OGR does a lot of little things—well, recently it has had an office there on Pennsylvania Avenue at Fifteenth Street, which undertakes to answer any question all the way from whether Noah really built an ark, to how much it cost to get to Mount Vernon.

The real work of the organization revolved around the directors which it had in every state in the Union. These men and their aides were supposed to get around, know what their states were thinking, whether they liked the New Deal or disliked it. They were supposed to report on the vast ramifications of the New Deal subsidiaries such as Jesse Jones' far flung agencies, Claude Wickard's far flung agencies. They reported on what Congressmen and Senators were saying privately about the Administration back home. They occasionally called attention to some up and coming politician who perhaps should be supported to replace this or that Congressman or Senator. In short, the organization served as Mr. Roosevelt's eyes and ears. It was his private reporting organization, essentially, responsible not to Congress but to him alone. It was his own little FBI.

In a way it was but a development or refinement of a practice which Herbert Hoover began. Hoover used to have a private organization over in the Transportation Building which saw everything, heard everything, knew everything and reported to him. It was privately financed and Hoover didn't know what to do with the information when he got it.

OGR is taxpayer financed and Mr. Roosevelt knows what to do with what it turns up.

Indianians are certainly taking over our midst. Elmer Davis is a native and a fellow Phi Delta Theta of Byron Price, the censor. Then there is Indianian Paul McNutt. Lowell Mellett is another one. You would think Elmer, Byron and Lowell, all in the publicity and propaganda picture, would be able to hit it off together. But the most fighting people in the world are relatives. Witness the Chinese and the Japs.

A couple of years ago an editor friend of ours who was a Rhodes Scholar himself, thought it would be a good idea to find out what all the Rhodes Scholars were doing, how they had fared. He was quite disappointed. He can feel better now. Intellectualism has come to rule Washington and we are inclined to think that all of the graduating classes, ever since the scholarship was established, have gotten jobs here with the Government.

About taxes: You can almost count on, when the bill reaches the Senate Finance Committee, that there will be compulsory savings, and a provision whereby businesses, in the payment of the excess profits tax, will be permitted to invest, say 20% of this tax, in non-interest bearing bonds. Senator Walter George, Chairman of Senate Finance Committee, is very much hepped on this idea, and he will have more to do with the final form of the pending tax bill than any other man concerned with it, including Morgenthau.

NY Building Congress Passes Post-War Program

The Board of Governors of the New York Building Congress, Inc., on June 2 held the first meeting under its new President, J. Andre Fouilhoux, of Harrison, Fouilhoux and Abramovitz, and approved in principle the Proposed Post-War Works Program for the City of New York. Upon recommendation of the Congress Committee on Post-War Planning (Thomas S. Holden, Chairman) the Board voted to approve in principle the Proposed Post-War Works Program for the City of New York which was presented by the City Planning Commission to the Board of Estimate on May 27 for its approval. The Building Congress also says:

In its letter to the Board of Estimate the President of the Building Congress recommended that the City Planning Commission be requested to make available to the public the data upon which it based its determination of the city's needs for the particular projects listed in the proposed program. The Building Congress Board also urged that favorable consideration be given to utilization of available planning talents to be found among private architects and engineers to supplement the work that will be done by the regular planning bureaus of the Municipal government.

New members appointed to the Board of Governors of the Building Congress by Mr. Fouilhoux are:

Robert Armstrong, Armstrong & Armstrong; George J. Atwell, Thompson-Starrett Co.; R. V. Banta, Lockwood Greene Engineers, Inc.; Albert L. Baum, Jaros, Baum & Bolles; Joseph A. L. Blek, Building Maintenance Craftsmen; Griswold Denison, Consolidated Edison Co. of New York; John Hegeman, Hegeman-Harris Co.; George C. Johnson, The Dime Savings Bank of Brooklyn; John P. Kane, General Builders Supply Corp.; Howard Myers, Time Inc.; E. E. Seelye; Bernard B. Smith; H. Richard Stern, Johnson & Morris, Inc.; Adolph G. Syska, Kelly, Syska & Hennessy; Edgar I. Williams; Walker G. White, Westinghouse Electric Elevator Co. and J. W. Zucker, Shatz Painting Co.

U. S. Steel Corp. Shipments in May Record For Current Year—Third Highest In Its History

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of May, 1942, totaled 1,834,127 net tons, as compared with 1,758,894 net tons in the preceding month (April), an increase of 75,233 net tons, and with 1,745,295 net tons in the corresponding month in 1941 (May), an increase of 88,832 net tons.

For the year 1942 to date, shipments were 8,729,439 net tons, compared with 8,384,240 net tons in the comparable period of 1941, an increase of 345,199 net tons.

The shipments in May were at the highest rate for any month this year and were the third highest for any month in the history of the corporation.

In the table below we list the figures by months for various periods since January, 1929:

	1942	1941	1940	1939	1938	1929
January	1,738,893	1,682,454	1,145,592	870,866	570,264	1,364,801
February	1,616,587	1,548,451	1,009,256	747,427	522,395	1,388,407
March	1,780,938	1,720,366	931,905	845,108	627,047	1,605,510
April	1,758,894	1,687,674	907,904	771,752	550,551	1,617,302
May	1,834,127	1,745,295	1,084,057	795,689	509,811	1,701,874
June	------	1,668,637	1,209,684	607,562	524,994	1,529,241
July	------	1,666,667	1,296,887	745,364	484,611	1,480,008
August	------	1,753,665	1,455,604	885,636	615,521	1,500,281
September	------	1,664,227	1,392,838	1,086,683	635,645	1,262,874
October	------	1,851,279	1,572,408	1,345,855	730,312	1,333,385
November	------	1,624,186	1,425,352	1,406,205	749,328	1,110,050
December	------	1,846,036	1,544,623	1,443,969	765,868	931,744
Total by mos.	------	20,458,937	14,976,110	11,752,116	7,286,347	16,825,477
Yearly adjust.	------	*42,000	37,639	*44,865	29,159	*12,827
Total	------	20,417,000	15,013,749	11,707,251	7,315,506	16,812,650

*Decrease.

Note—The monthly shipments as currently reported during the year 1941, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

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 16	118.31	106.39	116.22	112.93	107.44	91.19	95.62	110.88	113.70
15	118.36	106.21	116.02	112.93	107.44	91.19	95.62	110.88	113.50
13	118.35	106.21	116.02	112.75	107.62	91.19	95.62	110.88	113.50
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
11	118.32	106.21	115.82	112.75	107.44	91.05	95.62	110.88	113.31
10	118.32	106.21	115.82	112.93	107.44	91.19	95.77	110.88	113.31
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 16, 1941	119.01	107.09	117.60	114.27	107.44	91.48	96.85	111.44	113.89
2 Years ago June 15, 1940	114.86	100.65	114.46	111.44	100.98	80.69	87.72	107.09	108.88

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 16	3.37	2.84	3.01	3.31	4.33	4.03	3.12	2.97
15	3.38	2.85	3.01	3.31	4.33	4.03	3.12	2.98
13	3.38	2.85	3.02	3.30	4.33	4.03	3.12	2.98
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
11	3.38	2.86	3.02	3.31	4.34	4.03	3.12	2.99
10	3.38	2.86	3.01	3.31	4.33	4.02	3.12	2.99
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	4.03	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 16, 1941	3.33	2.77	2.94	3.31	4.31	3.95	3.09	2.96
2 Years ago June 15, 1940	3.71	2.93	3.09	3.69	5.13	4.58	3.33	3.23

* 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.

Cottonseed Receipts Continue Small

On June 12 the Bureau of the Census issued the following statement showed cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the ten months ended with May, 1942 and 1941:

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

	Received at mills* Aug. 1 to May 31 1942	1941	Crushed Aug. 1 to May 31 1942	1941	On hand at mills May 31 1942	1941
United States	3,905,366	4,426,500	3,858,756	4,197,910	177,139	267,432
Alabama	221,134	208,476	224,413	197,605	7,894	11,453
Arizona	78,314	80,261	78,060	80,249	471	20
Arkansas	473,237	530,278	462,466	475,566	35,701	60,267
California	158,494	201,507	157,920	179,486	7,069	25,090
Georgia	265,883	410,930	265,278	375,448	19,521	36,614
Louisiana	85,349	132,545	85,482	131,457	393	1,342
Mississippi	560,763	488,365	544,041	464,329	20,748	30,550
North Carolina	214,212	274,360	216,070	266,608	7,878	11,362
Oklahoma	239,090	236,430	230,113	236,037	9,509	901
South Carolina	120,589	269,753	122,043	264,460	1,554	5,809
Tennessee	395,797	396,558	387,195	351,716	29,270	45,968
Texas	952,875	1,077,567	945,013	1,058,291	35,056	35,023
All other States	139,629	119,470	140,662	116,658	2,075	3,033

*Does not include 130,529 and 39,507 tons on hand Aug. 1 nor 61,170 and 53,931 tons reshipped for 1942 and 1941 respectively. Does include 665 tons destroyed for 1941.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand August 1	Produced Aug. 1 to May 31	Shipped out Aug. 1 to May 31	On hand May 31
Crude oil	1941-42	*29,708	1,201,316	1,196,707	*80,989
(thousand pounds)	1940-41	37,352	1,356,205	1,335,161	94,710
Refined oil	1941-42	†294,005	‡1,068,059	------	†394,580
(thousand pounds)	1940-41	493,658	1,218,204	------	423,397
Cake and meal	1941-42	164,444	1,683,010	1,560,610	286,844
(tons)	1940-41	79,501	1,865,110	1,689,882	254,729
Hulls	1941-42	151,439	955,460	1,006,363	100,536
(tons)	1940-41	20,914	1,055,251	880,227	195,938
Linters	1941-42	123,154	1,136,684	1,193,324	66,514
(running bales)	1940-41	129,340	1,146,948	1,051,966	224,322
Hull fiber	1941-42	1,834	28,951	30,161	624
(500-lb. bales)	1940-41	1,215	33,813	32,817	2,211
Grabbots, motes, &c.	1941-42	6,183	52,061	33,225	25,019
(500-lb. bales)	1940-41	12,449	46,603	48,592	10,460

*Includes 13,192,000 and 62,097,000 pounds held by refining and manufacturing establishments and 7,859,000 and 5,626,000 pounds in transit to refiners and consumers Aug. 1, 1941 and May 31, 1942 respectively.

†Includes 7,268,000 and 3,881,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,903,000 and 3,906,000 pounds in transit to manufacturers of shortening, oleomargine, soap, etc. Aug 1, 1941 and May 31, 1942 respectively.

‡Produced from 1,143,726,000 pounds of crude oil.

Exports and Imports of Cottonseed Products

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

National Fertilizer Association Commodity Price Average Again Declines

The general level of wholesale commodity prices was again slightly lower last week, according to the wholesale price index compiled by The National Fertilizer Association and made public on June 15. This index, in the week ended June 13, 1942, declined to 127.1 from 127.5 in the preceding week. A month ago the index was 128.0 and a year ago 108.9, based on the 1935-1939 average as 100. The Association's report also added:

The slight recession in the all commodity index during the week was due principally to rather marked declines in prices of some farm products. The quotations for most grains were higher, but the effect of such increases on the farm products group average was more than offset by substantial decreases in cotton and livestock quotations. The fertilizer materials index declined, due to a drop in the prices of cottonseed meal and tankage. The only other group averages to change were the textile and miscellaneous commodity indexes, which were also lower. Wholesale prices of all commodities except farm products and foods showed no change for the sixth consecutive week. This represents the first extended pause in the price advance of industrial commodities in more than a year.

During the week declines outnumbered increases 12 to 7; in the preceding week there were 18 declines and 8 advances; in the second preceding week there were 13 declines and 10 advances.

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 13 1942	Preceding Week June 6 1942	Month Ago May 9 1942	Year Ago June 14 1941
25.3	Foods	125.6	125.6	125.3	104.3
	Fats and Oils	136.6	137.0	138.7	113.9
	Cottonseed Oil	158.4	158.4	159.3	127.7
23.0	Farm Products	134.1	135.5	137.7	106.0
	Cotton	176.6	182.7	192 1	128.5
	Grains	112.8	111.6	118.3	97.0
	Livestock	131.0	132.3	132.0	103.8
17.3	Fuels	119.7	119.7	119.5	107.6
10.8	Miscellaneous commodities	127.5	127.6	128.1	116.8
8.2	Textiles	147.2	148.2	149.5	130.5
7.1	Metals	104.4	104.4	104.4	103.5
6.1	Building materials	151.6	151.6	151.7	117.6
1.3	Chemicals and drugs	120.7	120.7	120.7	105.0
.3	Fertilizer materials	117.6	118.5	118.8	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	127.1	127.5	128.0	108.9

*Indexes on 1926-1928 base were: June 13, 1942, 99.0; June 6, 99.3; June 14, 1941 84.8.

Canadian Senate Adopts U. S. Tax Convention

The Canadian Senate has approved a Canada-United States agreement equalizing income and corporation tax for non-residents and intended also to avoid tax evasion, according to Canadian Press Ottawa advices of June 11, which state:

Under the agreement the withholding tax on investments of Canadians in the United States will be reduced from 27½%, the present rate there, to 15%, the Canadian rate on United States investments in Canada. United States investments in Canada are estimated at eight times those of Canadians in the United States.

The U. S. Senate's approval of the tax convention was reported in these columns June 11, page 2212.

Says U. S. Can Support Debt Of $200 Billions

In discussing post-war planning and banking before the National Educational Conference of the American Institute of Banking in New Orleans on June 9, Herbert J. Vogelsang, President of the Niagara National Bank of Buffalo, N. Y., said he believed the fears of many people over the mounting public debt were "greatly exaggerated," adding that "with a national income of over $100,000,000,000 and reasonably full employment, this country can well support an internal debt of $200,000,000,000 or possibly more."

According to the Associated Press, Mr. Vogelsang based his contentions on the ground that the government is sound and the lenders have unlimited faith in the contract under which the money was lent to finance the war. He is further reported as saying that any depression should be overcome by an industrial and agricultural output greater than anything heretofore achieved. "That means," he said, "world markets as well as domestic markets." "It means a new economic statesmanship fully conscious of the fact that the ghost of isolationism has been laid."

Inter-City Bus Service Restricted By ODT

Taking wartime control of inter-city bus companies, the Office of Defense Transportation on June 9 directed that present routes be frozen, all express service be discontinued, competitive services be pooled and service to places of amusement be discontinued. The order is effective July 1. The ODT defines inter-city bus service as routes operating outside of a 15-mile limit of a city and schedules on which the average fare is more than 35 cents.

The order also prohibits the operation of more than one round-trip schedule a day over any route where experience shows that the average load in both directions will be less than 40% of the seating capacity in any month. Round-trip schedules operated primarily for the purpose of transporting workers to and from their jobs are not subject to the regulations and an exception is made for buses serving military and naval establishments. In Washington advices June 9 to the New York "Times" it was stated:

Inter-city bus service may not be operated after July 1 "for the primary purpose of supplying transportation to or from a golf course, athletic field, race track, theatre, dancing pavilion, or other place conducted primarily for the purpose of amusement or entertainment."

Express service was ordered discontinued, the ODT said, to release buses for local service.

According to the "Wall Street Journal" advices the operators of competing bus lines are required to make joint plans for maximum utilization of equipment through pooling of services, staggering of schedules and exchange of operating rights. These plans must be submitted to the ODT by July 30.

The order further provides that no bus route may be extended after July 1 without special permission of the ODT.

Moody's Daily Commodity Index

Tuesday, June 9	227.8
Wednesday, June 10	228.4
Thursday, June 11	228.1
Friday, June 12	228.0
Saturday, June 13	228.4
Monday, June 15	228.0
Tuesday, June 16	228.4
Two weeks ago, June 2	228.8
Month ago, May 16	232.6
Year ago, June 16	198.0
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan 2	220.0

WPB Building Order

The War Production Board announced on June 6 a series of interpretations of its conservation order, issued April 9, placing all construction under rigid control.

The order makes it necessary for builders to obtain authorization from WPB to begin residential construction costing $500 or more; agricultural construction costing $1,000 or more; or commercial and other construction costing $5,000 or more during any continuous twelve-month period. The interpretations cover various classes of construction, cost estimates and design changes. With regard thereto Washington advices June 7 to the New York "Journal of Commerce" said:

It was ruled that construction authorized by WPB does not have to be included in the cost quota allowed in the order. For instance, an owner specifically authorized by WPB to remodel an industrial plant may still spend, in addition, up to $5,000—the limit allowed without authorization — during any 12-month period.

It also was ruled that where a building is used for two or more purposes, as defined in the order, it should be classified according to its predominant use.

Another interpretation provides that the estimated cost need not include the cost of used material, including equipment, which has been taken from a building and is to be used in other construction work, provided there is no change of ownership. It is not necessary, likewise, to include in the total cost estimate the cost of labor in incorporating such used material.

The estimated cost of a project, under the interpretation, shall include the cost of certain equipment. These include articles, chattels or fixtures physically incorporated in the building and used as a part of the building. Also included are items that cannot be detached without materially injuring them or the construction.

The term "without change of design," as it applies to repair work permitted by the order, is interpreted to allow change in material or type of equipment if the architectural or structural plan is not substantially altered in effecting the change.

It was ruled that movement of earth — ditch digging, grading, etc.—where no material except earth or other unprocessed material is involved should not be included in the cost of the project.

The WPB order of April 9 was noted in these columns April 16, page 1557.

World's Corn Production And Consumption Gaining

A review of the world's corn production and trade from 1925 to 1939 reveals a steady upward trend in production and consumption in virtually all countries since the draught years of low crops in the United States during the early thirties, according to a report issued June 15 by the U. S. Department of Agriculture. The increase according to the Department is attributed not only to the increased use of corn as a feedstuff but also to its increasing use in many countries for human food.

The report, entitled "World Corn Production and Trade," by Hally H. Conrad, Office of Foreign Agricultural Relations, points out that in 1939 the world's crop amounted to 5,104,000,000 bushels, compared with the average of 4,737,000,000 bushels during the five-year period 1925-29. The United States, however, says the Department accounted for only about 51% of the total in 1939 compared with the average of about 56% during 1925-29, due mainly to increased production in Latin America.

The Department's announcement further stated:

Because of the high value of corn as a feed for livestock, the bulk of the crop in most countries is used at home. As a result, less than 10% of the world's annual production moves into channels of international trade as grain. Argentina, however, is an exception to the rule, since hog production in that country has been relatively unimportant and Argentine cattle are fattened largely on alfalfa and other pasturage crops.

Argentina is by far the principal exporter of corn, exporting in normal years approximately two-thirds of its crop. During the 5-years 1935-39 Argentine corn exports represented approximately 65% of the world's total export movement. The Danube Basin is the second most important exporter, followed in order of importance by the United States, the Union of South Africa and French Indo-China. As a rule, less than 1% of the United States crop enters the export market. In the Danube Basin, where the crop is an important item in the diet of the people as well as for feeding livestock, exports usually range around 10% of production.

Under normal conditions, the bulk of the corn moving into export channels goes to the United Kingdom, the Netherlands, Germany, France, Belgium, Denmark, Ireland, and other European countries, where it is used principally by livestock producers. Canada and Japan are the only non-European countries importing significant quantities. Imports by Canada, however, are largely U. S. corn intended for transshipment to European markets. Japanese imports come mainly from French Indo-China and the Netherlands Indies.

A copy of the report may be obtained from the Office of Foreign Agricultural Relations, U. S. Department of Agriculture.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report states that the production of soft coal for the country continues at a rate above 11,000,000 tons a week. The total output in the week ended June 6 is estimated at 11,180,000 net tons, which compares with 9,563,000 tons in the corresponding week last year.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended June 6 was estimated at 1,042,000 tons, an increase of 229,000 tons, or 28.2%, over the preceding week. When compared with the output in the corresponding week of 1941, however, there was a decrease of 83,000 tons (about 7%). The calendar year to date shows a gain of 14.6% when compared with the corresponding period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended June 6 showed a decrease of 26,800 tons when compared with the output for the week ended May 30. The quantity of coke from beehive ovens increased 2,100 tons during the same period.

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

	Week Ended			January 1 to Date		
*Bituminous coal—	June 6, 1942	May 30, 1942	‡June 7, 1941	June 6, 1942	‡June 7, 1941	June 5, 1937
Total, incl. min. fuel	11,180	11,090	9,563	248,604	194,850	198,749
Daily average	1,863	2,092	1,594	1,876	1,461	1,513
†Crude petroleum Coal equivalent to weekly output	5.769	6,211	6,114	136,913	132,426	120,779

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

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

	Week Ended			Calendar year to date		
Penn. anthracite—	§June 6, 1942	May 30, 1942	June 7, 1941	June 6, 1942	June 7, 1941	June 8, 1929
*Total incl. colliery fuel	1,042,000	813,000	1,125,000	25,427,000	22,185,000	31,812,000
†Commercial production	990,000	772,000	1,069,000	24,156,000	21,076,000	29,522,000
Beehive coke— United States total	148,300	146,200	128,600	3,390,800	2,482,700	2,890,300
By-product coke— United States total	1,162,600	1,189,400	‡	26,278,200	‡	‡

*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 30, 1942	May 23, 1942	May 31, 1941	June 1, 1940	May 29, 1937	¶1923
Alaska	6	4	3	4	2	**
Alabama	385	388	326	304	290	398
Arkansas and Oklahoma	76	78	15	15	17	66
Colorado	134	137	75	66	96	168
Georgia and North Carolina	1	1	1	*	*	**
Illinois	1,117	1,170	868	633	563	1,292
Indiana	354	461	376	250	261	394
Iowa	38	44	42	38	26	89
Kansas and Missouri	155	176	76	70	84	131
Kentucky—Eastern	1,015	979	920	774	783	679
Kentucky—Western	255	226	122	107	121	183
Maryland	42	43	33	19	17	47
Michigan	4	2	1	3	1	12
Montana	58	65	43	46	34	42
New Mexico	31	28	18	17	27	57
North and South Dakota	25	29	16	15	16	**14
Ohio	666	721	504	375	460	860
Pennsylvania bituminous	2,687	2,758	2,462	1,837	2,011	3,578
Tennessee	156	152	134	114	110	121
Texas	5	5	7	13	16	22
Utah	92	104	49	34	31	74
Virginia	436	423	386	286	258	250
Washington	28	28	29	26	32	44
*West Virginia—Southern	2,365	2,270	2,298	1,937	1,749	1,380
†West Virginia—Northern	835	860	709	514	526	862
Wyoming	130	133	88	78	67	110
‡Other Western States	**	**	**	**	**	**5
§Pennsylvania anthracite	11,090	11,285	9,601	7,575	7,598	10,878
Total bituminous coal	813	1,201	1,043	849	1,176	1,932
Total, all coal	11,903	12,486	10,644	8,424	8,774	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.

Bankers Dollar Acceptances Outstanding On May 29 Decline To $173,906,000

The volume of bankers dollar acceptances outstanding on May 29 totaled $173,906,000, a decrease of $3,387,000 from the April 30 figure and a new low for the last 25 years, according to the monthly report of the Acceptance Analysis Unit of the Federal Reserve Bank of New York, issued June 11. The total amount of acceptances outstanding on April 30 was $177,293,000 and on May 31, 1941, $215,005,000.

Only credits drawn for imports were higher in May than April, while in the year-to-year comparison credits for domestic shipments and domestic warehouse were above a year ago. As made available by the Reserve Bank the survey follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	May 29, 1942	April 30, 1942	May 31, 1941
1 Boston	$31,939,000	$31,272,000	$30,961,000
2 New York	106,856,000	110,096,000	139,296,000
3 Philadelphia	9,577,000	9,213,000	12,228,000
4 Cleveland	2,631,000	2,806,000	3,306,000
5 Richmond	1,330,000	1,604,000	870,000
6 Atlanta	2,661,000	2,525,000	2,622,000
7 Chicago	4,641,000	5,147,000	4,485,000
8 St. Louis	550,000	750,000	552,000
9 Minneapolis	179,000	184,000	625,000
10 Kansas City	------	------	------
11 Dallas	2,189,000	2,394,000	405,000
12 San Francisco	11,353,000	11,302,000	19,655,000
Grand Total	$173,906,000	$177,293,000	$215,005,000

Decrease for month $3,387,000. Decrease for year $41,099,000

ACCORDING TO NATURE OF CREDIT

	May 29, 1942	April 30, 1942	May 31, 1941
Imports	$101,049,000	$96,697,000	$124,866,000
Exports	15,800,000	16,703,000	24,056,000
Domestic shipments	11,886,000	16,882,000	10,858,000
Domestic warehouse credits	30,714,000	31,259,000	30,124,000
Dollar exchange	1,128,000	1,496,000	2,910,000
Based on goods stored in or shipped between foreign countries	13,329,000	14,256,000	22,191,000

BILLS HELD BY ACCEPTING BANKS

Own Bills $81,805,000 Bills of Others $50,708,000 Total $132,513,000

Decrease for month $6,296,000

Current Market Rates on Prime Bankers Acceptances June 11, 1942

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	1/2	7/16
60	1/2	7/16
90	1/2	7/16
120	9/16	1/2
150	5/8	9/16
180	5/8	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since June 30, 1939:

1939—		1940—		1941—	
June 30	$244,530,440	June 29	$206,149,000	June 30	$212,932,000
July 31	236,010,050	July 31	188,350,000	July 31	209,899,000
Aug. 31	235,034,177	Aug. 31	181,813,000	Aug. 30	197,472,000
Sept. 30	215,881,724	Sept. 30	176,614,000	Sept. 30	176,801,000
Oct. 31	221,115,945	Oct 31	186,789,000	Oct. 31	184,806,000
Nov. 30	222,599,000	Nov. 30	196,683,000	Nov. 29	193,590,000
Dec. 30	232,644,000	Dec. 31	208,659,000	Dec. 31	194,220,000
1940—		1941—		1942—	
Jan. 31	229,230,000	Jan. 31	212,777,000	Jan. 31	197,278,000
Feb. 29	233,015,000	Feb. 28	211,865,000	Feb. 28	190,010,000
Mar. 30	229,705,000	Mar. 31	217,312,000	Mar. 31	182,675,000
Apr. 30	223,305,000	Apr. 30	219,561,000	Apr. 30	177,293,000
May 31	213,685,000	May 31	215,005,000	May 29	173,906,000

Dept. Of Labor Reports Wholesale Prices Remained Stable In June 6 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on June 11 that wholesale prices in industrial markets remained stable during the first week of June; as the average for all commodities except farm products and foods showed no change for the fourth successive week. However, lower prices for grains and livestock caused the Bureau's composite index of prices of nearly 900 commodities in primary markets to fall slightly to 98.7% of its 1926 average, a decline of 0.1% for the week. The index now stands at its early May level, just after the issuance of the General Maximum Price Regulation by the Office of Price Administration; this constitutes the first extended pause in the price advance since October, 1941. The index remains somewhat above the avarage in the March base period largely as a result of sharp increases in prices for agricultural commodities not subject to controls.

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 9, 1942, and June 7, 1941, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to June 6, 1942 from—		
Commodity Groups—	6-6 1942	5-30 1942	5-23 1942	5-9 1942	6-7 1941	5-30 1942	5-9 1942	6-7 1941
All Commodities	*98.7	*98.8	*98.7	98.6	85.9	—0.1	+0.1	+14.9
Farm products	105.6	106.0	104.8	104.0	79.6	—0.4	+1.5	+32.7
Foods	99.7	99.4	99.1	99.3	81.5	+0.3	+0.4	+22.3
Hides and leather products	118.8	119.0	119.2	120.2	107.6	—0.2	—1.2	+10.4
Textile products	97.2	97.2	97.2	97.3	83.2	0	—0.1	+16.8
Fuel and lighting materials	78.9	78.9	78.9	78.7	78.3	0	+0.3	+ 0.8
Metals and metal products	*104.0	*104.0	*104.0	*103.9	98.3	0	+0.1	+ 5.8
Building materials	109.9	109.9	110.0	110.0	100.5	0	—0.1	+ 9.4
Chemicals and allied products	97.2	97.3	97.3	97.3	83.6	—0.1	—0.1	+16.3
Housefurnishing goods	104.5	104.5	104.6	104.6	93.3	0	—0.1	+12.0
Miscellaneous commodities	90.0	90.1	90.2	89.9	79.7	—0.1	+0.1	+12.9
Raw materials	100.4	100.6	99.8	99.5	81.9	—0.2	+0.9	+22.6
Semimanufactured articles	92.7	92.7	92.8	92.6	86.9	0	+0.1	+ 6.7
Manufactured products	*98.9	*99.1	*99.2	99.3	88.0	—0.2	—0.4	+12.4
All commodities other than farm products	*97.2	*97.3	*97.4	97.4	87.3	—0.1	—0.2	+11.3
All commodities other than farm products and foods	*95.9	*95.9	*95.9	95.8	88.4	0	+0.1	+ 8.5

*Preliminary.

Selected Income And Balance Sheet Items Class I Railways For March

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for Class I steam railways in the United States for the month of March and the three months ending with March, 1942 and 1941.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for Class A switching and terminal companies. The report is as follows:

	All Class I Railways			
	For the Month of March		For the Three Months of	
Income Items—	1942	1941	1942	1941
Net ry. operat. income	$92,375,472	$80,170,449	$226,325,723	$200,326,711
Other income	11,477,167	11,117,538	34,985,156	34,131,759
Total income	103,852,639	91,287,987	261,310,879	234,458,470
Miscellaneous deductions from income	2,601,005	2,633,832	7,462,156	7,298,437
Income available for fixed charges	101,251,634	88,654,155	253,848,723	227,160,033
Fixed charges:				
Rent for leased roads and equipment	15,067,571	13,135,314	40,886,369	37,443,631
*Interest deductions	37,035,236	38,523,692	111,112,552	115,309,389
Other deductions	121,707	117,687	356,077	356,070
Total fixed charges	52,224,514	51,776,693	152,354,998	153,109,090
Inc. after fixed charges	49,027,120	36,877,462	101,493,725	74,050,943
Contingent charges	2,139,150	1,548,839	6,355,780	4,605,533
†Net income	46,887,970	35,328,623	95,137,945	69,445,410
Depreciation (way and structures equipment)	19,695,109	17,885,328	56,285,337	53,228,758
Amortization of defense projects	5,466,914	------	13,370,220	------
Federal income taxes	39,713,897	11,987,264	82,920,464	26,140,715
Dividend appropriations:				
On common stock	4,154,215	3,973,823	19,252,803	23,974,968
On preferred stock	85,223	1,324,448	5,155,093	4,444,295
¶Ratio of income to fixed charges	1.94	1.71	1.67	1.48

	All Class I Railways Balance at End of March		Class I Railways Not in Receivership or Trusteeship Balance at End of March	
Selected Asset Items—	1942	1941	1942	1941
Investments in stocks, bonds, etc., other than those of affiliated companies	$464,740,812	$560,579,577	$448,079,185	$510,202,164
Cash	$735,817,040	$676,139,300	$531,101,223	$530,656,145
Temporary cash investments	127,658,511	69,937,442	119,024,548	62,727,358
Special deposits	183,416,777	130,257,831	137,711,003	108,536,352
Loans and bills receivable	1,073,350	1,610,450	909,281	1,331,194
Traffic and car-service balances (Dr.)	38,616,685	33,275,676	32,097,653	30,767,109
Net balance receivable from agents and conductors	93,813,186	62,198,086	78,213,162	51,478,178
Miscellaneous accounts receivable	245,200,631	136,788,719	194,542,230	107,113,085
Materials and supplies	519,589,679	371,419,378	420,263,137	295,255,943
Interest and dividends receivable	18,839,193	17,142,196	16,994,341	14,606,278
Rents receivable	1,142,746	1,148,572	892,963	918,769
Other current assets	25,527,795	6,271,181	23,946,998	5,266,211
Total current assets	$1,990,695,593	$1,506,188,831	$1,555,696,539	$1,208,656,622
Selected Liability Items—				
‡Funded debt maturing within six months	$94,326,933	$96,378,839	$76,808,100	$72,151,987
§Loans and bills payable	57,791,385	77,982,482	4,293,024	22,016,561
Traffic and car-service balances (Cr.)	65,770,574	49,695,908	48,912,366	35,937,539
Audited accounts and wages payable	303,695,016	237,312,405	245,780,285	191,070,109
Miscellaneous accounts payable	58,133,319	52,587,914	41,542,085	41,219,665
Interest matured unpaid	77,958,536	56,628,539	73,591,177	53,057,607
Dividends matured unpaid	13,580,947	14,330,714	13,228,685	13,978,326
Unmatured interest accrued	78,992,143	77,721,423	63,253,627	61,117,920
Unmatured dividends declared	5,497,776	1,608,245	5,497,776	1,608,245
Unmatured rents accrued	21,155,525	21,513,606	19,189,753	19,721,115
Accrued tax liability	399,706,155	228,628,432	359,090,478	194,599,575
Other current liabilities	55,702,919	39,530,315	42,470,222	28,957,714
Total current liabilities	$1,137,984,295	$857,539,983	$916,849,478	$663,284,376
Analysis of accrued tax liability:				
U. S. Government taxes	$283,495,846	$120,469,363	$267,362,522	$111,072,711
Other than U. S. Government taxes	116,210,309	108,159,069	91,727,956	83,526,864

*Represents accruals, including the amount in default. †For the net income was as follows: March, 1942, $38,332,398; March, 1941, $34,783,995; for the three months ended March, 1942, $82,858,270; three months ended March, 1941, $75,232,139. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. §Includes obligations which mature not more than two years after date of issue. ¶For railways in receivership and trusteeship the ratio was as follows: March, 1942, 1.74; March, 1941, 1.11; three months, 1942, 1.39; three months, 1941, 0.91.

Engineering Construction Near Record

Engineering construction volume for the week totals $379,458,000, the second highest weekly value ever reported. It is 38% above the preceding week's total, and 171% higher than the volume for the corresponding 1941 week as reported by "Engineering News-Record" on June 11.

Over 95% of the volume is concentrated in Federal construction, 3% in State and municipal work, and the balance, 2%, in private.

Federal work is 310% higher than a year ago, and 46% above last week. Public work tops last year by 238, and gains 44% over a week ago. Private construction is 80 and 63% lower, respectively, than last year and last week.

The current week's near-record construction brings the volume for 1942 to $4,590,785,000, an 82% increase over the 24-week period last year. Private work, $322,481,000, is 54% below the period a year ago, but public construction, $4,268,304,000, is 134% higher as a result of the 228% gain in Federal work.

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

	June 12, 1941	June 4, 1942	June 11, 1942
Total Construction	$139,825,000	$274,971,000	$379,458,000
Private Construction	29,394,000	15,851,000	5,869,000
Public Construction	110,431,000	259,120,000	373,589,000
State and Municipal	22,024,000	10,509,000	10,962,000
Federal	88,407,000	248,611,000	362,627,000

Public building construction, $322,791,000, accounts for almost seven-eighths of the current week's volume, and climbs to a new all-time high. In addition to public buildings, waterworks, bridges, and streets and roads topped their last week's totals; and waterworks, sewerage, bridges, streets and roads, and unclassified construction were above the 1941-week volumes.

New capital for construction purposes for the week, $47,243,000, is 104% higher than the total reported for the corresponding 1941 week. The week's new financing is made up of $45,968,000 in corporate security issues, and $1,275,000 in State and municipal bond sales.

New construction financing for the year to date, $6,870,550,000, is 108% above the $3,305,568,000 reported for the 24-week period in 1941.

Bank Debits For Month Of May

As announced on March 30, the Board of Governors of the Federal Reserve System has discontinued the issuance of its weekly "bank debits" press statement and beginning with the month of May has collected figures on a monthly basis from member and nonmember banks in the centers previously included in the weekly bank debits statement. These figures for May are shown in the following statement, in comparison with prior monthly figures which were derived from reports covering weeks ending on Wednesdays in accordance with the method used in previous monthly reports. The last weekly report was published on page 1876 of the May 14, 1942, issue of the "Chronicle."

A number of newly reporting centers have been added; the figures for these new centers are not included in the summary tables below.

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

Federal Reserve District—	May 1942	May 1941	—3 Months Ended— May 1942	May 1941
Boston	2,763	2,448	8,424	7,308
New York	18,789	17,807	55,317	53,887
Philadelphia	2,489	2,475	7,618	7,277
Cleveland	3,568	3,126	10,695	9,187
Richmond	2,007	1,705	5,986	4,985
Atlanta	1,686	1,455	4,970	4,232
Chicago	7,531	6,470	22,822	19,804
St. Louis	1,763	1,489	4,849	4,075
Minneapolis	859	810	2,658	2,347
Kansas City	1,553	1,348	4,608	3,892
Dallas	1,292	1,124	3,817	3,214
San Francisco	4,024	3,403	12,332	10,240
†Total, 274 centers	48,324	43,661	144,096	130,449
New York City*	16,985	16,124	50,064	49,183
140 other centers*	27,216	23,808	81,431	70,492
†133 other centers	4,123	3,729	12,600	10,774

*Included in the national series covering 141 centers, available beginning in 1919.
†Excluding centers for which figures were not collected by the Board before May 1942.

Payment On Cuban 5½s

Republic of Cuba, through Roberto Hernandez, Consul General of Cuba in New York City, is notifying holders of its external loan 30-year sinking fund 5½% gold bonds issued under loan contract dated Jan. 26, 1923, that $865,700 principal amount of the bonds have been drawn by lot for redemption on July 15, 1942, out of moneys in the sinking fund, at 100% of their par value and accrued interest to the redemption date. It is also stated:

The bonds drawn for redemption will be paid at the office of the fiscal agents, J. P. Morgan & Co. Incorporated on or after July 15, 1942, after which date interest on the drawn bonds will cease.

On June 8, 1942, $278,900 principal amount of these bonds previously drawn for redemption had not been presented for payment.

Non-Ferrous Metals—Further Conservation Of Tin—Recovery Of Copper From Scrap Gains

Editor's Note.—Upon request of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of June 11, stated: "Tin consumption will be reduced further to conserve supplies, the War Production Board announced. Use of tin in civilian products will drop from 40% to 30% of the 1940 base period, beginning July 1. Recovery of copper from scrap is increasing, largely because of control measures regulating use of the metal in non-essential applications. Tension over the supply situation in lead is lifting. Quicksilver sold in good volume at prices somewhat higher than those named in the preceding week. The publication further went on to say in part:

Copper

Recovery of copper from secondary sources will increase substantially over the remainder of the year, leaders in the industry contend. The movement of scrap to refineries has gained in recent weeks because of the restrictions on use of copper-containing materials, inventory control, and the return of such material in volume from ammunition plants and other fabricators engaged in war work.

William L. Batt, Chairman of the Requirements Committee of WPB, stated publicly: "We expect to have this year about 1,800,000 tons of copper from domestic output and imports. Recovery of scrap should add approximately 300,000 tons to our store. . . . Non-essential civilian users cannot expect to obtain any copper, and only a necessary minimum amount will be available for essential non-military use. The Government is spending in excess of $180,000,000 for copper development and private capital has supplied some $40,000,000 more."

The quotations on domestic copper continued at 12c, Connecticut Valley, and foreign metal held at 11.75c f.a.s. United States ports.

Lead

The easier supply situation in lead is receiving wide attention, and both producers and consumers believe that some modification of the conservation regulation is in order under present circumstances. Limitation in use of lead has cut domestic deliveries to around 60,000 tons a month, leaving a substantial tonnage for stockpiling.

Quotations continued on the basis of 6.50c, New York, and 6.35c, St. Louis. Chemical lead sold at 6.40c, St. Louis.

The monthly meeting of producers and government officials to discuss allocations for next month will be held in Washington on June 25.

Zinc

The zinc statistics for May revealed that production was maintained at about the same rate as in the prior month.

Production of Prime Western appears to be sufficient to take care of current requirements, observers in the industry believe. The situation in High Grade remains tight.

Tin

Effective July 1, use of tin in civilian products will be cut 10% to 30% of the amount used during the third quarter of 1940, the Division of Industry Operations, WPB, announced. Substitution of other materials for tin-plate is being considered on a greater scale than ever. The conservation order for tin-plate is being revised to save about 6,000 tons of tin a year. The price situation in tin was unchanged.

Straits quality tin for future delivery was nominally as follows:

	June	July	Aug.
June 4	52.000	52.000	52.000
June 5	52.000	52.000	52.000
June 6	52.000	52.000	52.000
June 8	52.000	52.000	52.000
June 9	52.000	52.000	52.000
June 10	52.000	52.000	52.000

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

London Market: No quotations.

Quicksilver

A good volume of business was booked in quicksilver during the last week, and sellers experienced no trouble in disposing of metal at figures that averaged above the Metal Reserve's buying price for surplus material. On round lots, the equivalent of $194.43 and $195 per flask, New York, was paid. Operators thought that the improved demand reflected business placed in quicksilver derivatives by the Government. Production is increasing and producers offered the metal rather freely at times. Quotations on the Pacific Coast and here remain below the official ceiling basis set earlier in the year by OPA.

Silver

During the past week the silver market in London has been quiet, with the price unchanged at 23½d. The New York Official and the U. S. Treasury prices are also unchanged at 35⅛c and 35c, respectively.

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

June	Electrolytic Copper Domest., Refin.	Electrolytic Copper Exp., Refin.	Straits Tin, New York	Lead New York	Lead St. Louis	Zinc St. Louis
4	11.775	11.700	52.000	6.50	6.35	8.25
5	11.775	11.700	52.000	6.50	6.35	8.25
6	11,775	11.700	52,000	6.50	6.35	8.25
8	11.775	11.700	52.000	6.50	6.35	8.25
9	11.775	11.700	52.000	6.50	6.35	8.25
10	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 June 6 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).

Reports On Shipbuilding

The Securities and Exchange Commission today made public the 13th of a new series of industry reports of the Survey of American Listed Corporations. Report No. 13 includes four industrial groups engaged primarily in shipbuilding, the manufacture of engines and turbines, lumber and lumber products and cement. All of the corporations in these four groups had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940.

In its report the Commission says:

For the five shipbuilding companies the combined sales amounted to $81,000,000 in 1940, as compared with $57,000,000 in 1939. Net profit after all charges totaled $6,800,000 in 1940, against $2,500,000 in 1939, equivalent to 8.4% and 4.4% of sales. Total dividends paid out by these enterprises were $2,100,000 in 1940, against $6,000,000 in 1939. The combined assets of these five enterprises totaled $53,000,000 at the end of 1940, compared with $39,000,000 at the end of 1939, while surplus increased to $20,000,000 at the end of 1940 from $13,000,000 at the end of 1939.

For the 8 corporations manufacturing engines and turbines, the combined sales amounted to $59,000,000 in 1940, as compared with $46,000,000 in 1939. Net profit after all charges totaled $5,200,000 in 1940, against $3,300,000 in 1939, equivalent to 8.8% and 7.1% of sales. Total dividends paid out by these enterprises were $2,800,000 in 1940, against $2,200,000 in 1939. The combined assets of these 8 corporations totaled $50,000,000 at the end of 1940, compared with $39,000,000 at the end of 1939, while surplus increased to $21,000,000 at the end of 1940 from $17,000,000 at the end of 1939.

For the 11 corporations manufacturing lumber and lumber products, the combined sales amounted to $107,000,000 in 1940, as compared with $94,000,000 in 1939. Net profit after all charges totaled $7,100,000 in 1940, against $6,000,000 in 1939, equivalent to 6.7% and 6.4% of sales. Total dividends paid out by these enterprises amounted to $4,600,000 in 1940, as compared with $4,200,000 in 1939. The combined assets for these 11 corporations totaled $95,000,000 at the end of 1940, compared with $92,000,000 at the end of 1939, while surplus increased to $23,000,000 at the end of 1940 from $21,000,000 at the end of 1939.

For the 8 corporations manufacturing cement, the combined sales amounted to $67,000,000 in 1940, as compared with $61,000,000 in 1939. Net profit after all charges totaled $8,300,000 in 1940, against $8,000,000 in 1939, equivalent to 12.3% and 13.1% of sales. Total dividends paid out by these enterprises were $6,600,000 in 1940, against $6,100,000 in 1939. The combined assets of these 8 corporations totaled $144,000,000 at the end of 1940, compared with $142,000,000 at the end of 1939, while surplus increased to $39,000,000 at the end of 1940 from $38,000,000 at the end of 1939.

Signs RFC War Funds Bill

President Roosevelt signed on June 5 the bill increasing the borrowing power of the Reconstruction Finance Corporation by $5,000,000,000. This measure increases the RFC lending authority to over $14,000,000,000. Secretary of Commerce Jesse Jones had requested the additional $5,000,000,000 in order to cover the RFC's necessary commitments in connection with the war program.

The House passed the legislation on May 14 and the Senate on May 27; reported in our issue of June 4, page 2124.

Daily Average Crude Oil Production For Week Ended June 6, 1942 Declined 275,800 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended June 6, 1942, was 3,601,500 barrels, a decrease of 275,800 barrels from the preceding week and 215,200 barrels lower than in the same period last year. The current figure was also 34,800 barrels below the daily average for the month of June, 1942, 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, indicates that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,451,000 barrels of crude oil daily during the week ended June 6, 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, 93,305,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,310,000 barrels during the week ended June 6, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations June	*State Allowables Beginning June 1	—Actual Production— Week Ended June 6 1942	Change From Previous Week	4 Weeks Ended June 6 1942	Week Ended June 7 1941
Oklahoma	436,600	436,600	†380,200	— 3,050	384,450	426,700
Kansas	281,900	281,900	†218,300	— 38,200	248,200	201,650
Nebraska	4,100	-----	†3,950	— 50	4,000	4,350
Panhandle Texas			87,000	— 11,000	88,350	74,300
North Texas			149,500	— 6,450	149,850	129,650
West Texas			207,100	— 2,900	191,050	260,250
East Central Texas			78,600	— 21,450	86,150	80,300
East Texas			368,650	—126,350	365,050	373,200
Southwest Texas			142,900	— 23,050	139,050	210,000
Coastal Texas			241,800	— 83,050	254,550	275,400
Total Texas	1,068,600	‡1,351,667	1,275,550	—274,250	1,274,050	1,403,100
North Louisiana			87,150	+ 600	85,850	74,000
Coastal Louisiana			215,750	+ 7,600	215,750	251,000
Total Louisiana	311,300	334,300	302,900	+ 8,200	301,600	325,000
Arkansas	75,300	75,300	73,200	+ 450	72,000	73,250
Mississippi	49,200		†84,250	+ 2,250	84,800	30,550
Illinois	320,800		293,650	— 5,200	288,800	345,400
Indiana	18,900		†22,200	+ 900	21,300	21,000
Eastern (not incl. Ill. & Ind.)	106,800		96,050	— 4,950	98,700	86,400
Michigan	63,100		65,500	+ 1,100	64,700	37,850
Wyoming	96,200		93,800	+ 450	93,250	88,300
Montana	23,400		21,800	+ 100	21,700	19,200
Colorado	7,600		6,900	+ 550	6,850	4,100
New Mexico	80,600	80,600	54,550	+ 100	58,550	113,050
Total East of Calif.	2,944,400		2,992,800	—301,200	3,022,900	3,179,900
California	691,900	§691,900	608,700	+ 25,400	617,550	636,800
Total United States	3,636,300		3,601,500	—275,800	3,640,450	3,816,700

*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 March, 1942, as follows: Oklahoma, 29,200; Kansas, 5,500; Texas, 105,600; Louisiana, 18,500; Arkansas, 2,700; New Mexico, 5,600; California, 39,000; other states, 20,400.

†Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a.m. June 3.

‡This is the net basic 15-day allowable for the period June 1 to 15, inclusive. A state-wide shutdown was ordered for June 1, 6, 7, 13 and 14.

§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 JUNE 6, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis — 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	1,588	66.6	4.578	43,021	15,032	17,336
Appalachian	174	84.5	158	90.8	423	3,377	444	585
Ind., Ill., Ky.	784	84.9	711	90.7	2,372	18,690	2,961	3,123
Okla., Kansas, Mo.	418	81.1	330	78.9	1,046	8,623	1,133	1,619
Rocky Mountain	138	50.7	82	59.4	295	2,514	321	578
California	787	90.9	582	74.0	1,596	17,080	11,644	56,315
Tot. U. S. B. of M. basis June 6, 1942	4,684	86.9	3,451	73.7	10,310	†93,305	31,535	79,556
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
U. S. Bur. of Mines basis June 7, 1941			3,909	----	13,158	91,890	36,206	91,961

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

†Finished 85,917 bbls.; unfinished 7,388,000 bbls. ‡At refineries, at bulk terminals, in transit and in pipe lines.

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on June 11 that reports received by the bank from commercial paper dealers show a total of $354,200,000 of open market paper outstanding on May 29. This total compares with $373,100,000 outstanding on April 30 and with $295,000,000 on May 31, 1941.

1942—	$	1941—	$
May 29	354,200,000	May 31	295,000,000
Apr. 30	373,100,000	Apr. 30	274,600,000
Mar. 31	384,300,000	Mar. 31	263,300,000
Feb. 28	388,400,000	Feb. 28	240,700,000
Jan. 31	380,600,000	Jan. 31	232,400,000
1941—		1940—	
Dec. 31	374,500,000	Dec. 31	217,900,000
Nov. 29	387,100,000	Nov. 30	231,800,000
Oct. 31	377,700,000	Oct. 31	252,400,000
Sept. 30	370,500,000	Sept. 30	250,700,000
Aug. 30	353,900,000	Aug. 31	244,700,000
July 31	329,900,000	July 31	232,400,000
June 30	299,000,000	June 29	224,100,000

Trading On New York Exchanges

The Securities and Exchange Commission made public on June 12 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 30, 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 30 (in round-lot transactions) totaled 510,870 shares, which amount was 15.70% of total transactions on the Exchange of 1,626,430 shares. This compares with member trading during the previous week ended May 23 of 629,362 shares, or 14.80% of total trading of 2,127,050 shares. On the New York Curb Exchange, member trading during the week ended May 30 amounted to 66,230 shares, or 13.95% of the total volume on that Exchange of 237,275 shares; during the preceding week trading for the account of Curb members of 72,235 shares was 13.99% of total trading of 258,175 shares.

The Commission made available the following data for the week ended May 30:

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	993	695
1. Reports showing transactions as specialists	165	85
2. Reports showing other transactions initiated on the floor	121	19
3. Reports showing other transactions initiated off the floor	149	46
4. Reports showing no transactions	626	550

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 30, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	65,370	
‡Other sales	1,561,060	
Total sales	1,626,430	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	130,220	
Short sales	28,500	
‡Other sales	91,180	
Total sales	119,680	7.68
2. Other transactions initiated on the floor—		
Total purchases	87,090	
Short sales	10,800	
‡Other sales	66,710	
Total sales	77,510	5.06
3. Other transactions initiated off the floor—		
Total purchases	54,330	
Short sales	4,720	
‡Other sales	37,320	
Total sales	42,040	2.96
4. Total—		
Total purchases	271,640	
Short sales	44,020	
‡Other sales	195,210	
Total sales	239,230	15.70

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

Week Ended May 30, 1942

	Total for Week	aPer Cent
A. Total Round-Lot Sales:		
Short sales	2,815	
‡Other sales	234,460	
Total sales	237,275	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	21,865	
Short sales	2,655	
‡Other sales	24,220	
Total sales	26,875	10.27
2. Other transactions initiated on the floor—		
Total purchases	3,300	
Short sales	0	
‡Other sales	1,980	
Total sales	1,980	1.11
3. Other transactions initiated off the floor—		
Total purchases	6,155	
Short sales	50	
‡Other sales	6,005	
Total sales	6,055	2.57
4. Total—		
Total purchases	31,320	
Short sales	2,705	
‡Other sales	32,205	
Total sales	34,910	13.95
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	18,501	
Total purchases	18,501	
Total sales	9,793	

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

†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.

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

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

Revenue Freight Car Loadings During Week Ended June 6, 1942, Totaled 854,689 Cars

Loading of revenue freight for the week ended June 6, totaled 854,689 cars, the Association of American Railroads announced on June 11. The increase above the corresponding week in 1941 was 1,749 cars or 0.2%, and the increase above the same week of 1940 was 151,797 cars or 21.6%.

Loading of revenue freight for the week of June 6 increased 58,933 cars or 7.4% above the preceding week.

Miscellaneous freight loading totaled 335,356 cars, an increase of 21,546 cars above the preceding week, and an increase of 23,044 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 97,587 cars, an increase of 10,587 cars above the preceding week, but a decrease of 62,125 cars below the corresponding week in 1941.

Coal loading amounted to 163,734 cars, an increase of 5,882 cars above the preceding week, and an increase of 12,256 cars above the corresponding week in 1941.

Grain and grain products loading totaled 35,871 cars, an increase of 2,974 cars above the preceding week, and an increase of 309 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of June 6 totaled 23,411 cars, an increase of 2,971 cars above the preceding week, and an increase of 965 cars above the corresponding week in 1941.

Livestock loading amounted to 12,484 cars, an increase of 702 cars above the preceding week, and an increase of 2,220 cars above the corresponding week in 1941. In the Western Districts alone, loading of livestock for the week of June 6 totaled 9,180 cars, an increase of 377 cars above the preceding week, and an increase of 2,125 cars above the corresponding week in 1941.

Forest products loading totaled 53,319 cars, an increase of 7,630 cars above the preceding week, and an increase of 11,151 cars above the corresponding week in 1941.

Ore loading amounted to 92,453 cars, an increase of 9,567 cars above the preceding week, and an increase of 13,931 cars above the corresponding week in 1941.

Coke loading amounted to 13,885 cars, an increase of 45 cars above the preceding week, and an increase of 963 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern, Allegheny, 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
Five weeks of May	4,170,713	4,160,060	3,351,840
Week of June 6	854,689	852,940	702,892
Total	18,528,925	17,193,615	14,720,474

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended June 6, 1942. During this period 62 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JUNE 6

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	427	603	534	1,319	1,399
Bangor & Aroostook	1,356	1,647	1,498	266	220
Boston & Maine	6,124	8,650	7,504	15,655	12,949
Chicago, Indianapolis & Louisville	1,306	1,307	1,369	1,916	2,396
Central Indiana	23	19	19	61	73
Central Vermont	1,044	1,423	1,279	2,008	2,427
Delaware & Hudson	6,129	7,114	5,389	12,308	10,165
Delaware, Lackawanna & Western	7,694	10,180	8,707	9,598	8,507
Detroit & Mackinac	329	359	258	116	166
Detroit, Toledo & Ironton	1,703	2,874	2,020	1,079	1,241
Detroit & Toledo Shore Line	280	395	274	2,581	3,304
Erie	14,932	15,858	12,218	16,146	14,220
Grand Trunk Western	3,405	6,351	4,630	7,211	8,211
Lehigh & Hudson River	204	260	194	3,852	2,432
Lehigh & New England	1,621	2,385	2,026	1,819	1,975
Lehigh Valley	8,891	10,644	8,674	11,551	9,521
Maine Central	2,181	3,308	2,790	3,157	2,799
Monongahela	6,367	5,799	4,787	355	387
Montour	2,504	2,186	2,047	28	42
New York Central Lines	46,673	52,237	41,516	53,084	47,971
N. Y., N. H. & Hartford	10,035	12,270	9,513	20,305	15,704
New York, Ontario & Western	1,051	1,253	1,109	2,930	2,521
New York, Chicago & St. Louis	7,616	6,693	5,487	15,165	12,637
N. Y., Susquehanna & Western	553	529	411	1,232	1,568
Pittsburgh & Lake Erie	7,724	8,116	6,706	9,287	8,862
Pere Marquette	5,369	7,341	5,609	6,092	6,095
Pittsburgh & Shawmut	718	650	811	31	87
Pittsburgh, Shawmut & North	331	359	408	269	328
Pittsburgh & West Virginia	1,098	1,217	862	2,826	2,440
Rutland	310	572	631	925	995
Wabash	5,119	5,863	4,782	12,879	10,622
Wheeling & Lake Erie	5,351	5,994	5,107	4,529	3,840
Total	158,468	184,436	149,169	220,579	106,104
Allegheny District—					
Akron, Canton & Youngstown	635	696	466	980	958
Baltimore & Ohio	43,308	40,353	31,939	28,198	21,512
Bessemer & Lake Erie	7,479	7,280	6,087	1,967	2,427
Buffalo Creek & Gauley	288	267	289	3	4
Cambria & Indiana	1,935	2,023	1,232	6	16
Central R. R. of New Jersey	6,863	8,181	6,544	16,739	15,529
Cornwall	633	672	624	66	61
Cumberland & Pennsylvania	290	334	232	17	55
Ligonier Valley	118	110	44	44	35
Long Island	1,054	737	579	3,428	2,897
Penn-Reading Seashore Lines	1,673	1,640	1,278	2,634	1,737
Pennsylvania System	82,184	86,379	65,422	62,109	58,833
Reading Co.	14,143	18,790	14,682	28,551	21,303
Union (Pittsburgh)	20,963	18,612	17,324	8,321	6,976
Western Maryland	4,112	4,159	3,129	13,536	7,903
Total	185,678	190,233	149,871	166,599	140,246
Pocahontas District—					
Chesapeake & Ohio	29,236	29,039	24,848	13,272	13,130
Norfolk & Western	23,135	23,542	19,226	6,393	6,144
Virginian	4,799	4,515	3,871	2,208	1,797
Total	57,170	57,096	47,945	21,873	21,071

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Southern District—					
Alabama, Tennessee & Northern	395	331	243	379	156
Atl. & W. P.—W. R. R. of Ala.	737	777	710	2,380	2,027
Atlanta, Birmingham & Coast	757	745	591	1,006	1,135
Atlantic Coast Line	12,877	11,573	9,294	8,274	6,099
Central of Georgia	3,609	4,470	3,586	3,905	3,630
Charleston & Western Carolina	474	659	572	1,508	1,842
Clinchfield	1,703	1,735	1,366	2,743	2,809
Columbus & Greenville	295	389	272	191	281
Durham & Southern	136	193	152	1,177	453
Florida East Coast	741	518	504	746	839
Gainesville Midland	40	39	26	180	105
Georgia	1,311	1,255	1,075	2,826	1,885
Georgia & Florida	399	394	285	458	632
Gulf, Mobile & Ohio	4,459	4,029	3,335	4,428	3,312
Illinois Central System	26,269	22,606	18,993	13,918	13,473
Louisville & Nashville	26,574	27,343	22,329	9,858	7,103
Macon, Dublin & Savannah	132	204	130	802	708
Mississippi Central	187	176	125	534	362
Nashville, Chattanooga & St. L.	3,822	3,292	2,833	4,131	3,168
Norfolk Southern	1,564	1,181	1,264	1,958	1,025
Piedmont Northern	329	469	395	1,171	1,478
Richmond, Fred. & Potomac	536	438	347	11,167	6,881
Seaboard Air Line	12,594	11,279	8,672	8,860	5,647
Southern System	23,777	26,530	20,310	22,526	18,828
Tennessee Central	611	575	428	1,084	733
Winston-Salem Southbound	94	142	135	845	838
Total	124,422	121,342	97,972	107,055	85,449
Northwestern District—					
Chicago & North Western	21,421	21,963	19,211	12,786	12,178
Chicago Great Western	2,371	2,723	2,400	2,968	2,846
Chicago, Milw., St. P. & Pac.	18,315	21,236	18,443	9,488	8,561
Chicago, St. Paul, Minn. & Omaha	3,353	4,124	3,455	3,197	3,638
Duluth, Missabe & Iron Range	28,715	22,622	19,015	364	327
Duluth, South Shore & Atlantic	1,340	1,081	918	576	564
Elgin, Joliet & Eastern	9,983	10,492	8,142	10,027	9,017
Ft. Dodge, Des Moines & South	517	591	519	125	135
Great Northern	27,276	22,610	19,970	5,255	3,612
Green Bay & Western	566	572	500	616	671
Lake Superior & Ishpeming	3,147	2,896	2,905	49	93
Minneapolis & St. Louis	1,753	1,919	1,708	2,629	2,198
Minn., St. Paul & S. S. M.	7,911	7,499	5,937	3,400	2,885
Northern Pacific	11,961	8,928	9,528	5,265	4,431
Spokane International	181	339	225	584	310
Spokane, Portland & Seattle	2,806	2,776	1,601	2,827	2,085
Total	141,616	132,371	114,477	60,156	53,551
Central Western District—					
Atch., Top. & Santa Fe System	22,359	23,005	19,419	10,231	7,084
Alton	3,134	3,459	2,785	4,509	2,692
Bingham & Garfield	636	608	521	106	6[illegible]
Chicago, Burlington & Quincy	16,614	16,005	13,608	11,687	8,636
Chicago & Illinois Midland	2,446	2,590	1,698	880	752
Chicago, Rock Island & Pacific	11,795	12,781	11,421	9,620	9,71[illegible]
Chicago & Eastern Illinois	1,991	2,671	2,254	3,399	3,141
Colorado & Southern	724	644	632	1,723	1,650
Denver & Rio Grande Western	2,806	2,106	2,068	4,730	3,140
Denver & Salt Lake	608	235	250	8	25
Fort Worth & Denver City	1,127	1,221	1,009	1,020	1,102
Illinois Terminal	1,831	1,959	1,608	2,401	1,76[illegible]
Missouri-Illinois	1,559	1,059	863	491	572
Nevada Northern	1,981	2,009	1,787	110	12[illegible]
North Western Pacific	1,080	942	700	491	482
Peoria & Pekin Union	1	10	36	0	[illegible]
Southern Pacific (Pacific)	29,619	28,655	24,496	8,676	6,376
Toledo, Peoria & Western	236	436	374	1,551	1,410
Union Pacific System	12,483	13,421	11,713	11,748	8,908
Utah	560	265	164	5	[illegible]
Western Pacific	2,036	1,677	1,527	3,494	2,443
Total	115,626	115,758	98,933	76,880	60,090
Southwestern District—					
Burlington-Rock Island	211	174	155	154	196
Gulf Coast Lines	5,547	3,122	2,625	3,141	1,669
International-Great Northern	3,143	2,020	1,691	2,773	2,147
Kansas, Oklahoma & Gulf	326	248	219	1,302	813
Kansas City Southern	5,445	2,333	1,818	2,688	2,175
Louisiana & Arkansas	3,978	1,954	2,130	2,366	1,849
Litchfield & Madison	388	307	258	1,059	1,041
Midland Valley	630	450	414	240	243
Missouri & Arkansas	125	170	170	365	335
Missouri-Kansas-Texas Lines	6,082	4,294	3,808	4,637	3,087
Missouri Pacific	18,439	14,571	12,208	19,276	10,301
Quanah Acme & Pacific	80	131	85	209	183
St. Louis-San Francisco	8,330	7,718	6,495	6,514	5,510
St. Louis Southwestern	3,140	2,614	2,369	6,092	2,866
Texas & New Orleans	10,812	7,435	5,901	4,337	3,974
Texas & Pacific	4,887	3,980	3,966	6,977	4,062
Wichita Falls & Southern	111	168	193	51	82
Weatherford M. W. & N. W.	35	15	20	21	41
Total	71,709	51,704	44,525	62,202	40,574

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity Current*	*Cumulative*
1942—Week Ended—					
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
June 6	110,226	120,374	283,390	69	95

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.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 12 a summary for the week ended June 6, 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 June 6, 1942	Total for Week
Odd-lot Sales by Dealers:	
(Customers' Purchases)	
Number of Orders	10,688
Number of Shares	289,359
Dollar Value	10,530,105
Odd-lot Purchases by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers' short sales	147
*Customers' other sales	10,540
Customers' total sales	10,687
Number of Shares:	
Customers' short sales	4,345
*Customers' other sales	260,813
Customers' total sales	265,158
Dollar Value	7,938,052
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	420
†Other sales	68,460
Total sales	68,880
Round-lot Purchases by Dealers—	
Number of Shares	90,710

*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 June 6, 1942

Lumber production during the week ended June 6, 1942, was 4% greater than the previous week, shipments were 3% less, new business, 19% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 4% above production; new order 4% above production. Compared with the corresponding week of 1941, production was 4% greater, shipments, 5% greater, and new business 2% less. The industry stood at 139% of the average of production in the corresponding week of 1935-39 and 150% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 22 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 22 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 64% on June 6, 1942, compared with 42% a year ago. Unfilled orders were 25% greater than a year ago; gross stocks were 18% less.

Softwoods and Hardwoods

Record for the current week ended June 6, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	459	459	472
Production	263,259	252,483	254,045
Shipments	273,558	261,626	281,533
Orders	273,830	279,802	336,029

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	375		98	
Production	251,512	100%	11,747	100%
Shipments	260,128	103	13,430	114
Orders	261,884	104	11,946	102

Items About Banks, Trust Companies

Member banks of Group V, the Savings Banks of Brooklyn, Queens, Long Island and Staten Island report increasing interest and cooperation on the part of many local business enterprises and institutions in setting up the Payroll Savings Plan for the purchase of War Bonds.

Active participation in financing six major American wars has marked the history of the National City Bank of New York which on June 16 celebrated its 130th birthday. The bank's aid to the Government in providing funds for war expenses began with the War of 1812, to which it contributed for itself and customers $1,000,000.

The National City's announcement further stated:

The bank had its beginning with the incorporation of the City Bank of New York June 16, 1812, two days before the start of the War of 1812 and one week before Napoleon invaded Russia. Col. Samuel Osgood, a commander of the Minute Men at Lexington, and first Postmaster General of the United States, was its first President.

After the battle of Bull Run, the President of the City Bank was Chairman of a committee of New York bankers which advanced to the Treasury $50,000,000 at once and $100,000,000 more in two installments to help finance the Civil War. When the national banking system was organized to support the war effort the City Bank joined the new system and became the National City Bank of New York.

Since Pearl Harbor in the present emergency the bank has subscribed for itself and customers more than $1,000,000,000 of Government securities. More than 600 of its staff are now in the armed services.

National City was the first United States national bank to establish a branch overseas—in Buenos Aires in 1914—and today it has 35 branches in Latin America. Its first domestic branch was opened at 42d Street and Madison Avenue in 1921 and today it has 66 scattered over the five boroughs.

It was first opened at 52 Wall Street and has been located in the immediate vicinity ever since with the exception of a short period when the 1822 epidemic of yellow fever caused a general exodus of Wall Street business houses to Greenwich Village.

Basic structure for the present head office at 55 Wall Street was completed 100 years ago this year. It is the site of the old Merchant's Exchange which was destroyed in the great fire of 1835. The new building was opened in 1842 and in 1908 was remodelled to become the home of the National City.

National City started business in 1812 with a paid-in capital of $800,000, which figure stayed that way until 1853, when it was increased to $1,000,000. As late as 1892, 80 years after its organization, capital stood at $1,000,000, surplus and undivided profits at $2,500,000 and deposits at but $24,000,000. Commencing with the early years of the present 20th century, the growth became more marked. Capital was increased in 1900 from $1,000,000 to $10,000,000 and two years later from $10,000,000 to $25,000,000, at which figure it stood until 1920 when, with deposits of approximately $700,000,000, its capital was again increased to $40,000,000 and its capital structure, including both surplus and undivided profits, for the first time exceeded $100,000,000, with total resources in excess of $1,000,000,000.

On Mar. 31, 1942, total resources of the National City Bank amounted to $3,170,000,000, including $77,500,000 capital, $96,000,000 surplus and undivided profits and $2,964,000 deposits.

Another unit of the National City organization, the City Bank Farmers Trust Company, the trust affiliate, celebrated its 120th anniversary on Feb. 28, 1942.

At a meeting of the board of trustees of the New York Trust Co. on June 9, John E. Bierwirth, President, announced the appointment of Harold M. Mills as Assistant Secretary. Mr. Mills was formerly manager of the Real Estate and Mortgage Department. Mr Bierwirth also announced the renewal of the bonus to nonofficer employes receiving salaries of $6,000 or less. The bonus, covering the second quarter, is payable July 3.

Edward W. Smith, Executive Vice-President of the Clinton Trust Company, of New York, announced on June 9 that Howard E. Patten has been made Assistant Vice-President of the Company. Mr. Patten is located at the 42nd Street branch, McGraw Hill Building. Mr. Patten was formerly Assistant Vice-President of the Colonial Trust Company. He is an active member of the New York Kiwanis Club and the New York Credit Men's Association.

The National Safety Bank and Trust Company announced on June 10 the following list of new officers and promotions:

Eugene J. McPartland, from Assistant Vice-President to Vice-President and Cashier.

R. Harold Bach, from Assistant Vice-President to Vice-President.

Leo Schneider, from Assistant Vice-President to Vice-President.

Louis Hellerman, from Assistant Cashier to Assistant Vice-President.

Albert Holzer, from Assistant Cashier to Assistant Vice-President.

Herman Menn, from Assistant Cashier to Assistant Vice-President.

William J. Terry, from Assistant Cashier to Assistant Vice-President.

The following are new appointments:

John A. Serocke and William Goldfine, Assistant Vice-Presidents; Harry Bernstein, Jack Fielman, H. Howard Hoch, David Schnapp, Joseph DiNapoli, Theodore Frank, Joshua Shopenn, Sanders E. Wessler and Charles Mosca, Assistant Cashiers.

William G. Green, President of the New York Savings Bank, at Eighth Avenue and 14th Street, New York, announced on June 16 that Albert F. Kendall, Assistant to Deputy Superintendent of Banking for New York State, has been appointed Auditor of the bank, to assume his duties on July 1. Mr. Kendall became a bank examiner in 1931 and has since served in various capacities, including that of Special Deputy Superintendent in the Rochester district. Prior to joining the staff of the New York State Banking Department he had been with Irving Trust Company for nine years.

The Peoples National Bank of Brooklyn announces the election of John A. Schwarz, President of John A. Schwarz, Inc., to the Board of Directors to fill the vacancy created by the death of George W. Spence. The bank also announced the promotion of William H. Schmidt from Assistant Cashier to Cashier.

The East New York Savings Bank, Brooklyn, N. Y., announced on June 12 the election of John P. McGrath to its Board of Trustees. He is a member of the law firm of Richards, Smyth & McGrath, is Secretary of the Brooklyn Bar Association and chairman of its committee on banking and insurance.

The Hartford National Bank and Trust Co., Hartford, Conn., one of the first banking institutions established in the United States, on June 14 marked the 150th anniversary of its founding. During its long period of service, capital has grown from the original figure of $100,000 to a present total of $8,000,000 of capital and surplus. The institution's resources now amount to more than $128,800,000. In addition, its trust department accounts have assets of more than $168,000,000. In the announcement regarding the anniversary it is stated:

At the time the institution was established as the Hartford Bank, there were only four other State banks in the country: The Bank of North America, of Philadelphia; the Bank of New York; the Bank of Massachusetts, in Boston, and the Providence Bank. Leader of the movement which resulted in establishing the Hartford Bank was Col. Jeremiah Wadsworth, a native of Hartford, and a close friend and associate of Alexander Hamilton. Other founders included Major John Caldwell, who became the first President of the Bank; Major Barnabas Deane, John Morgan, John Trumbull, Chauncy Goodrich, Noah Webster, Gen. George Philips, Gen. Timothy Burr, James Watson, Caleb Bull and Ephraim Root.

Notwithstanding its excellent record throughout the previous 135 years, the bank's greatest growth has occurred since the merger with the United States Security Trust Co. in 1927, which resulted in the change to the present name of Hartford National Bank and Trust Co. Much of the progress during these 15 years was the result of the executive abilities of John O. Enders, who served actively in the direction of the bank's affairs as Chairman of the Board until 1935, when he resigned from this position to become Chairman of the Executive Committee. At this time, full responsibility as executive head of the institution was assumed by Robert B. Newell, who has been President since 1927.

In addition to Mr. Newell, present senior executive officers of the bank include: Ostrom Enders, 1st Vice-Pres.; George F. Kane, A. G. Brainerd, Herbert Hubbard, R. J. Utley and Louis P. Merriman, VicePresidents; G. W. Guillard, Cashier; M. T. Hazen, Vice-President in charge of the trust department; A. G. Stronach and W. B. Dana, Vice-President and Trust Officers, and M. H. Glover, Vice-President in the trust department.

Edward E. Brown, President of the First National Bank of Chicago, after the regular meeting of the Board of Directors on June 12, announced the appointment of William C. H. Dobbeck, Walter A. Grau and Arthur B. Northrop as Assistant Cashiers. All were promotions from the staff as each of the men had been employed by the bank for many years.

No Monthly Oil Report

The public distribution of the monthly crude petroleum report by refineries has been suspended because of the war, it was announced by the United States Department of the Interior on June 12.

Industrial Loans By Federal Reserve Banks

In order to facilitate the participation of Federal Reserve Banks in the program of war financing contemplated by the President's executive order of March 26, the Board of Governors of the Federal Reserve System has revised its Regulation S relating to loans by Federal Reserve Banks to industry and business under the provisions of Section 13-B of the Federal Reserve Act. The changes which have been made in the regulation, it is explained, are merely of a clarifying or technical character.

The Board further states:

As heretofore, the regulation leaves the powers granted by Congress to the Federal Reserve Banks unimpaired and prescribes no restrictions beyond those required by the law itself. Any attempt to prescribe technical definitions of such terms as "working capital," "established industrial or commercial business" and "financing institutions" has been avoided, lest it have the effect of restricting or hampering the operations of the Federal Reserve Banks under the statute. The regulation, therefore, contains little except an analysis of the law and an outline of the necessary procedure.

The law permits Federal Reserve Banks to make direct loans to established industrial and commercial businesses only when authorized by the Board of Governors of the Federal Reserve System; but, in order to avoid the necessity of having applications for such accommodations passed on in Washington, the Board has continued in the revised regulation the blanket authority to all Federal Reserve Banks to grant such accommodations directly on their own responsibility without reference to Washington.

The President's executive order of March 26 (given in our April 2 issue, page 1360) authorized the War and Navy Departments and the Maritime Commission to guarantee or make loans to war contractors. As a result of this order the Reserve Board adopted Regulation V prescribing the rules to govern the operations of the Reserve Banks in acting as fiscal agents of the armed services and the Maritime Commission; the Board's explanatory statement to this effect appeared in these columns of April 16, page 1542.

REA Systems Prepay On Loans In April

The U. S. Department of Agriculture said on June 6 that during April, 35 rural electric distribution systems in 14 States made advance payments totaling $135,112 on construction loans obtained from the Government through the Rural Electrification Administration. The advices from the Department add:

The April remittances brought the total of advance payments made by rural electric cooperatives to $4,336,235.58. Out of the 785 energized REA systems now serving 929,673 connected consumers, only 59 are behind in their payments, Administrator Harry Slattery pointed out, while 317 have taken up notes before they were due. Payments as much as 30 days past due total $159,277 or about 1% of the total of $15,710,000 of accounts due to date. Advance payments equal 27% of the repayment schedule.

REA construction has been halted for the duration by the material shortage except where the agency has been called upon to serve war establishments. Cooperative systems with the aid of REA are helping members do their part in the Food-for-Freedom program.

Urges U. S. Tax Spree To Avoid Inflation

A proposal that America go on a "tax spree" as a means of avoiding the headache of inflation in the post-war decade was made on June 11 by John P. Myers, President, New York State Bankers Association, in an address before the annual dinner of the New York State League of Savings and Loan Associations, at Saranac Inn, N. Y. Mr. Myers, who also is President of the Plattsburg National Bank and Trust Co., Plattsburg, spoke on "Our Responsibility in Financing Victory."

Stating that "the more taxes we raise the less borrowing is necessary," Mr. Myers went on to say that "the less borrowing neccessary the less credit inflation, which rapidly becomes commodity inflation in these days of goods shortages. As a rule when we go on a spree, the bigger the spree the worse the headache next day. But a tax spree is just the reverse. The bigger the tax spree now, the less the headache tomorrow." "And the avoidance of this headache, of inflation, of the day of reckoning in the postwar decade," he said, "is so desirable, so necessary, that we should be charitable toward the high taxation program however unpleasant it may be, just so long as it does not destroy our productive process now or deplete too far the surpluses which will be needed in the postwar years."

Mr. Myers said that although the people of America haven't learned yet what total war is, "total war is here, war fought by the total manpower, the total productive capacity and the total resources of practically every nation in the world." He added:

Because total war has come, "you and I and our associates in the banking world are the custodians, the trustees of the nation's accumulated liquid resources, we are in a war industry. Ours is the responsibility to marshal the funds in our banks to be of the greatest use to our war effort. For make no mistake about it, unless we win the victory nothing else matters."

He urged that all funds possible be diverted to investment in Government securities, stating that the inflationary effect of credit expansion becomes less serious in exactly the degree by which the surplus funds of individuals are devoted either to the payment of outstanding debts or to the purchase of bonds for their own account. In addition to being large buyers of Government bonds, banks and other financial institutions should become sellers, too—sellers of War Savings Bonds. "We must do all we can to promote the sale of War Savings Bonds to our depositors out of their incomes," he said.

Insolvent Nat'l Banks Completing Liquidation

During the month of May, 1942, the liquidation of 10 insolvent national banks was completed and the affairs of such receiverships finally closed, the Treasury Department reported on June 5; it further said:

Total disbursements, including offsets allowed, to depositors and other creditors of these 10 receiverships, amounted to $34,072,761, while dividends paid to unsecured creditors amounted to an average of 79.22% of their claims. Total costs of liquidation of these receivership average 7.46% of total collections from all sources including offsets allowed.

Dividend distributions to all creditors of all active receiverships during the month of May, amounted to $1,768,391.