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House Group Works to Relieve Corporate Tax; Payroll Deductions For Individual Taxes

Working toward the completion of the drafting of the proposed new tax legislation, the House Ways and Means Committee this week approved measures for the relief of corporations incident to the contemplated 94% excess profits tax. Noting that the committee had tentatively decided to increase corporation excess profits rates from the present graduated scale ranging up to 60% to a flat 94%, Associated Press accounts from Washington June 19 stated Administration leaders have pleaded for a reduction in that figure, or at least a provision that part of the taxes be held as a reserve against post-war conversion needs.

Marking a reversal of its previous course the Committee on June 23, voted, 11 to 10, in favor of a post-war credit for corporations forced to pay in excess of 80% of each dollar of income falling within the category of "excess profits." As was indicated in advices to the New York "Herald Tribune" from its Washington bureau June 23, the action was a distinct victory for the Treasury Department, Donald M. Nelson, Chairman of the War Production Board, and tax experts of the committee's own staff, all of whom had warned that the committee's proposal to impose an excess-profits tax of 94% would impede the war effort and promote inflation unless complemented by a post-war credit.

With respect to the Committee's action on June 22, the New York "Times" announced from Washington that the Committee on that day refused to tax bank checks, and approved eight classes of relief to corporations which would be hard pressed under the present and proposed law.

These advices indicated that the proposed changes in the laws affecting corporations were called "technical directives," which would guide the Board of Tax Appeals in handling "special relief" cases; the advices likewise stated the committee decided to continue for three years from December, this year, the law permitting cor-

(Continued on page 2400)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

The Truman Committee's latest outburst against Dollar-a-Year men has caused several Senators to look tentatively into the prominent part which young investigators have come to play in the Nation's affairs. It is something they might well look into.

In recent years, the days have been few and far between when Congressional investigating committee. No attention would be attracted to the findings of a group of private detectives or young investigators. Yet it has come to the point where these Congressional revelations are frequently based on nothing more. In short, these investigators employed by the committee are coming more and more to dominate the committee.

This was not true of the more celebrated investigations conducted by the late Senator Tom Walsh or former Senator Jim Reed. Both were natural prosecutors and while they had assistants in digging up stuff they kept full control over the course of the investigation.

It is doubtful if this is true of a single investigation now under way on Capitol Hill. Particularly it isn't true of the Truman Committee. From the beginning this committee's findings have been almost completely charted by its chief counsel, Hugh Fulton, and his staff of young and eager investigators. Only three members of the committee keep up anything like a regular attendance at its hearings—Truman, Joe Ball and Brewster. Neither Truman nor Brewster has ever been considered a heavyweight by their colleagues, and young Ball has not yet gotten onto the political mechanics and schemings of Washington. Fulton and his staff, as a result, run the committee and Truman seems content to bask in the headlines which accrue. Thus, instead of having been a constructive force on the conduct of the war, the committee has been mostly a springboard for the New Dealers' agitation. The alternative to the Dollar-a-Year men or men with a business background is a horde of $6,000 to $10,000 a year jobs held by New Dealers. This has been their steady campaign.

The funny thing about it is that Truman is not a philosophical New Dealer. In fact, the Administration threw its moral support

(Continued on page 2400)

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.

INDEX

GENERAL CONTENTS

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

THE FINANCIAL SITUATION

It is doubtless soothing to some nerves to attribute the difficulties the Treasury and the appropriate committees of Congress appear to be having in formulating and giving effect to a "sound but adequate" program for financing the war to the fact that an election is in the offing. The truth, however, appears to be that the infirmities of both the Treasury and Congress lie much deeper, but whatever the origins of their shortcomings, existing plans for financing the almost unimaginable war expenditures scheduled for the months, yes, even the years ahead fall far short of either soundness or adequacy, and the days are passing. Injury to the nation likely to be exceeded only by losing the war would probably, indeed it appears to us almost certainly, be attendant upon continued failure in this vital matter.

Where Present Plans Fail

All plans which at present appear to have substantial backing are inadequate, first of all, because they fall short of raising a sufficiently large part of the inevitable costs of "total war" from sources other than the banks. There seems to be quite general agreement in informed quarters that in order to meet the Federal deficit expected by the end of June next year, the Treasury will be obliged to call upon the banks for something like $30,000,000,000 in return for its obligations, which must, of course, be added to the already badly swollen Government portfolios of the banks. Such a burden the banks should not be expected to bear—not only for their own sakes but for the sake of us all. Should the war continue for another year after the middle of 1943, and certainly no one can have any assurance that it will not, the position of the banks on June 30, 1944 would be too precarious to contemplate. We simply must not proceed upon the assumption that the banking system will be called upon to furnish $30,000,000,000 a year to the Treasury, or any sum like it.

One of the things we should do is to raise larger sums in taxes. To raise much larger sums requires that taxes be levied upon those who in the aggregate have the tax-

(Continued on page 2395)

A Longer Look Needed

The two greatest pressures on the price level today are the persistent threat of increased farm crop prices through Congressional action and the demands for increased wages which would result from such action.

Farm prices were pretty well in balance with industrial prices when we started this program, but the threats continue. However, we were able to cut the cost of living in May despite the fact of rises in the prices of such articles, which we cannot now control.

I have said all along that we need a very heavy tax program, and also some form of collection of taxes from increased incomes at their source as they are earned. However, I must say, with no intent to criticize Congress, that the tax bill, as so far drafted by the House Ways and Means Committee, does not remove the inflationary gap between national income and the amount of consumer goods available.

The Treasury savings program, good as it is in diverting individual income to savings instead of pressure on consumption goods, still does not fill up this gap.—Leon Henderson.

There is, obviously, a substantial measure of truth in what Mr. Henderson has to say. We do wish, however, that Mr. Henderson and the others would occasionally take a longer look ahead when they are on this subject of financing the war.

What they call inflation is not the only danger ahead, and our post-war difficulties may, if we are not careful, be fully as troublesome in some ways as those which beset us while the fighting continues.

Editorial—

Bring This Record Out Into The Open!

There are two main justifications cited by the National War Labor Board and its supporters in defense of its policy of ordering manufacturers to sign maintenance of membership contracts (or agreements calling for some other variation of the closed shop) with unions. One of these is the contention that organized labor has voluntarily and patriotically surrendered its chief economic weapon, the strike, and must be compensated in some way for its sacrifice. The other argument is that "constructive" and "responsible" union leadership is essential to a successful prosecution of the war—and that this leadership can only be maintained and preserved by some form of "union security," meaning the closed shop or one of its variants.

Actually, a close inspection of the record of the last few days, a record that has received scant attention in the press, will demonstrate beyond cavil that these arguments are specious. At best they are highly unrealistic and bear little relation to actual conditions. At worst, they constitute misrepresentation.

One should note at the very start that even if both arguments did jibe with the facts, the unions have actually made no important sacrifice when they supposedly gave up their right to strike. In case after case the National War Labor Board has granted the unions substantial wage increases and the union security they sought. Actually the unions have gained, not lost, as a result of supposedly abandoning the right to strike.

But scrutinize the arguments more closely and see how they square with reality. Have the unions actually given up the right to strike? Within the fortnight there was a serious laundry strike in Philadelphia—in New York, the AFL teamsters shut down the United Parcel Service which delivers for most of the city's big stores—and in Fall River a group of textile strikers defied their own unions, and the National War Labor Board as well. Despite these well-known walkouts, a national press service reported that the termination of a strike of 1,600 window glass cutters in Middle West plants halted the "first strike authorized by union heads since Pearl Harbor." This statement shows that the unions are trying to convince the press and the general public that they are keeping their pledge not to strike, that the only walkouts occurring are "unauthorized" ones. The nature of their strategy can be driven home more effectively by mentioning the course of developments in certain other strikes, which also were under way during the fortnight despite the supposed waiver of the right to strike.

Some 300 employes of the open hearth department of the Roebling steel mill in New Jersey staged a five-day sitdown to press their demands for a 25-cents-an-hour wage increase. This was supposedly an unauthorized strike, although high union officials were on the ground and freely explained to the newspapers just what the strike was all about. The walkout occurred despite the company's agreement with the union which covers all of its workers and provides definite machinery for adjudicating all grievances. This company is engaged almost 100% on war work, including the manufacture of such products as torpedo nets and de-gaussing cables.

Some 125 employees of the General Chemical Co. in Buffalo staged a five-hour sitdown strike to enforce their demands for a 15% wage increase and the union shop. A Federal conciliator persuaded them to abandon the sitdown.

In the Chrysler tank arsenal and in the De Soto gun plant near Detroit, union workers have been reported engaging in several short sitdown strikes—reportedly to demonstrate their power, and to back up their demands for union security.

More serious with regard to time lost, however, was the so-called "unauthorized" strike in the Lukenweld division of Lukens Steel Co. at Coatesville, Pa. Here, a union leader suddenly ordered the men on the 4-12 shift to leave their jobs. This strike spread to the other shifts and made about 900 of the company's men idle although many started going back to work the next day. For the first two days of this strike, union leaders never even presented any demands whatsoever to the management, and national union leaders explained that it was an unauthorized strike. During the third day of the dispute, however, the union placed a picket line across the gates, thus ending the fiction that the strike was unauthorized. The men went back to work after Federal conciliators arranged a series of conferences on the points at issue, chiefly the incentive pay system in the plant. This strike, too, violated contractual arrangements with the union, which called for the adjudication of all grievances by arbitration, if necessary, and interrupted the production of submarine machinery, and other equipment for Navy combat ships.

The list could be extended. There was the "unauthorized" strike in the plants of the Pullman-Standard Company, busily making freight cars so sorely needed by the railroads. There was the "unauthorized, spontaneous" strike against the J. H. Williams & Co., drop-forge plant in Buffalo, the "holiday" in the plants of the Pittsburgh Equitable Meter Co., the six-day, unauthorized strike in the Point Pleasant shipyard of the Marietta Manufacturing Co., the two-day, illegal sitdown in the open hearth department of Lukens Steel Co., and then there was the illegal strike at the Navy's Detroit Arsenal operated by the Hudson Motor Co. In Cleveland there have been four illegal unauthorized strikes within the past three weeks at the plants of Lambert & Sessions, Aluminum Co. of America, Standard Tool Co., and Cleveland Graphite Bronze Co. Each and every one of these strikes tied up and delayed the delivery of war material needed on all our fighting fronts.

What do all of these cases add up to? In the first place, they show the unions clearly have not given up their right to strike. In the second place, they show that union leaders either acquiesce in illegal and contract-infringing sitdown strikes and other work stoppages with the intention of wringing from employers such concessions as the union shop or maintenance of membership—or that the leaders are powerless to control their members and prevent them from resorting to such tactics.

Finally, it is apparent that union leaders are not disturbed in the slightest by the occurrence of these violations in industries most directly concerned with the production of combat equipment for the war effort.

Obviously the fiction that organized labor has surrendered its right to strike simply cannot be maintained. Moreover, it is flatly ridiculous to speak of "constructive and responsible" union leadership, when that union leadership flouts its obligation to the nation's war effort, flouts the no-strike pledges of the top CIO and AFL executives repeated shortly after Pearl Harbor, and flouts its contracts with management as occurred in the cited Roebling, General Chemical, Chrysler, and Lukens cases.

Probably all of these employers may shortly be before the War Labor Board facing demands for the closed shop or its equivalent. At that time can the WLB tuck its tongue in its cheek and talk about the need of preserving union responsibility in those plants? It cannot, if the present occurrences are known to the public.

Bring the record of the union leaders in fulfilling their pledges out into the open.

The State Of Trade

Business activity continues to show gains, with electric output and Detroit industrial activity showing substantial increases.

Steel production in the United States is scheduled this week at 98% of capacity, indicating output of 1,664,600 net tons of ingots, the American Iron and Steel Institute reported. The industry operated last week on a 98.3% basis, with an output of 1,669,700 tons.

A month ago operations were at 99.6%, and output on a weekly basis of 1,691,800 net tons. For the week beginning June 22, 1941, production was 1,612,300 tons.

For the week ended June 13, the electric utilities industry distributed 3,463,528,000 kilowatt hours of electrical energy, it was reported by the Edison Electric Institute. This represented an increase of 11.7% over the corresponding week last year. It also was slightly higher than the 3,372,374,000 kilowatt hours reported for the previous week.

Loadings of revenue freight for the week ended on June 13, totaled 832,726 cars, according to reports filed by the railroads with the Association of American Railroads. This was a decrease of 21,963 cars from the preceding week this year, 30,248 cars below the corresponding week in 1941 and 119,805 cars above the same period two years ago.

This total was 126.34% of average loadings for the corresponding week of the ten preceding years.

Engineering construction volume for the week totals $155,670,000, a decrease of 59% from the preceding week, and 10% under the total for the corresponding 1941 week as reported recently by the "Engineering News-Record."

Public construction, which accounts for 93% of the total, is 61% below last week, and 7% below last year. Private work tops the preceding week's volume by 91%, but is 40% lower than a year ago.

The current week's construction brings 1942 volume to $4,746,455,000, an increase of 76% over the total for the 25 week period last year.

Private work, $33,688,000, is 54% lower than in the period a year ago, but public construction, $4,412,767,000, is 123% higher as a result of the 207% gain in Federal work.

Continued spottiness in wholesale and retail trade indicates that modest upturns here and there have not fanned out into a general recovery, Dun & Bradstreet says. Activity improved slightly, yet there were no signs of resumed buying on a large scale. Civilian goods output declined steadily as industrial production and employment continued to gain.

Father's Day and bridal promotions elicited good buying, yet failed to revive sales on a broad scale.

The policy of holding inventories in check continued to restrain forward buying in many lines. Moderate volume of advance orders contrasts sharply with heavy demand at this time a year ago, observers state.

The OPA has gone on record as expecting a sharp decline in retail sales during the final quarter of this year, for inventories will be severely curtailed by then and replacements of numerous articles will become progressively more difficult to obtain.

David Ginsburg, chief counsel of OPA, told the National Retail Dry Goods Association this week that unit sales in the final quarter of this year will be 15% under those of the first quarter. This would indicate a far sharper decline from the last quarter of 1941. However, this estimate includes durable goods, so that a much milder decline should occur in sales of stores selling chiefly non-durable items.

Corporate profits after reported tax deductions dropped off about 8% in the first quarter of 1942, on a seasonally adjusted basis, following an uninterrupted and substantial increase during 1940 and 1941, according to an article appearing in the forthcoming issue of the "Survey of Current Business," a monthly publication of the Department of Commerce.

The decline in the seasonally adjusted index of corporate profits, it is stated, resulted primarily from provisions for an expected increase in taxes, and to a lesser extent, from stoppage of automobile production at the end of January.

Wartime government subsidies are receiving increasing consideration in Washington.

The Senate will soon have before it a measure to subsidize retailers and producers who have been hard-pinched by the price ceilings. Such legislation is now being framed by the OPA and the RFC at the request of the Senate Banking and Currency Committee.

There is increasing discussion in WPB, too, about the desirability of tiding over small concerns that have been forced to curtail by WPB order. Many such firms will never be fitted into the war production program, and face insolvency unless aid is provided in the form of war orders or subsidies.

Business spokesmen are not enthusiastic about the prospect of subsidies, and are not likely to press the matter because of fears that strings inevitably must attach to such subsidies.

The oil industry, for example, objects to subsidies because of fears that the Administration later might seek to control the entire industry.

Failure of Congress to legislate funds for subsidies poses a serious dilemma for the OPA. While the agency is determined to prevent a rupture of price ceilings it cannot stand by and permit producers and distributors to be squeezed inequitably. Congress undoubtedly will be asked to reconsider its previous stand on subsidies.

The establishment of labor-management committees in ten General Electric plants brings to 900 the number of plants participating in the War Production Drive, it was announced at War Production Drive Headquarters.

With this participation in force of General Electric plants, all of the three largest electric manufacturers are engaged in the drive to increase war production. There are labor-management committees in 25 Westinghouse plants and in three Western Electric plants. One General Electric plant established a committee earlier, bringing to 11 the number of its plants in the drive.

Newsprint Output In May Down 11% From Year Ago

Total North American newsprint production in May was 356,866 tons, compared with 404,405 tons a year ago, a decline of 11.8%, according to figures issued by the News Print Service Bureau. The five months total output, however, was still slightly ahead of the same period of 1941 — 1,954,819 tons, as against 1,926,212 tons.

Canadian production of newsprint in May amounted to 251,831 tons and shipments to 266,443 tons. Production in the United States was 80,040 tons and shipments 76,612 tons, while Newfoundland's output totaled 24,995 tons and shipments 28,725 tons.

The five months Canadian production was 67,975 tons, or 5% above 1941 period, while the United States output was down 29,639 tons, or 6.8%, and Newfoundland's production was 9,729 tons, or 6.7% below a year ago.

THE FINANCIAL SITUATION

(Continued From First Page)

paying powers left to meet the needs of the situation. This in turn means reaching down into the lower income groups where earnings have already increased at an unprecedented rate and will doubtless further increase. This can be done by means of withholding or similar taxes and, in addition, by sales levies. We have already "soaked the rich" and the middle income groups to the point where there is relatively little left to get from them. Calling now upon the lower income groups in a serious way is, moreover, essential if we are to do what is possible to relieve the pressure otherwise certain to arise from more spending money and less goods on which to spend it. But however this latter may be, we must pay a larger share of the war costs as we go, and to obtain the funds necessary for that purpose the Treasury must seek them where they are to be found. It is precisely this that both the Treasury and Congress seem to be most loath to do—as attest current schemes which would simply heap further burdens upon those already paying most of the taxes.

The Humanitarian Argument

To those who oppose such procedure upon humanitarian grounds, the obvious reply is that it is the least of several evils. If we do not somehow raise the funds needed we may lose the war. If we raise the required funds without due regard to the inevitable consequences, we may well wreck our banks, ruin our credit, and debase our currency. Indeed we should be more or less certain to do so. None of these latter developments could well fail to injure wage earners and low-salaried office workers more than the payment of (for them) high taxes now out of enlarged income. We are now at "total war" at many points on the globe and there is no way under the sun whereby any of us can avoid paying the high cost of it in one way or another.

A False Footing

But it is not only in failing to raise sufficient funds from the proper forms of taxation that the current program of the Treasury falls short of the mark. It is carrying over into the work of raising heaven knows how many billions of dollars through loans its always unsound ideas of keeping the interest rates it pays at exceedingly, artificially, and even almost ridiculously low levels. Any one who things carefully about the situation for a very few moments must come to the conclusion that to undertake to finance this unprecedentedly expensive war upon a 2½% interest rate is a hazardous, not to say foolhardy procedure. It is true, of course, as every one knows, that past policies in these matters have placed the Treasury in a trying position. There are in the hands of many different kinds of investors, insurance companies, savings banks, corporation treasuries, and particularly the commercial banks, many, many billions of dollars of Federal obligations which have been lodged in their present resting places at abnormally high prices.

It would be hazardous in the extreme to disturb greatly the general price level of outstanding Government obligations, and, of course, a complete cessation of so-called easy money tactics and just plain "rigging" of the market for Government obligations, or the offering of large amounts of closely similar obligations at much lower prices could scarcely fail to disturb the market for existing obligations. Yet it is essential that sooner or later the market be placed upon a more natural footing. It is not likely that we shall be able to go through this war if, as now appears likely, it is a long drawn-out affair, upon the basis of a highly "managed" Government market. There are still substantial idle funds in this country which could be called to work with a long term issue offered upon an attractive yield basis. The Treasury should employ some of its vaunted cleverness in finding a way to get the market, or at least substantial portions of it, upon a surer footing without unbearable disturbance to the institutions which now depend upon Treasury obligations for their solvency.

Reckless Procedure

The war financing program is sorely deficient in still another respect. It is in far too great a degree making use of what for practical purposes are demand obligations sold under pressure to large numbers of individuals who are being given the impression that the need for saving will end with the firing of the last gun. If the Treasury succeeds in plans for these types of obligations there will be twenty-odd billions of them outstanding by the middle of next year, and not far from thirty-five billions of them in the hands of the rank and file by the middle of the following year, if, as we must assume in planning such a program, the war continues that long. It is, of course, an excellent thing to have the people finance this people's war, so far as feasible, out of their own pockets. It is, however, hardly a wise procedure to arrange that financing so that huge quantities of the obligations may well come back to the Treasury against demands for cash upon the conclusion of peace. On the contrary, it appears to us to be most imprudent to do so.

Lest we be misunderstood, let it be clearly stated that nothing said here is to be interpreted as suggesting that the commercial banks should be put under pressure to absorb long-term Treasury obligations. On the contrary, there are sound and sufficient reasons, well understood by the intelligent banker, why the commercial banks should carefully refrain from becoming involved in long term obligations. It would, of course, be foolish to consider the shortest term obligations of the Treasury "liquid" in any true sense of that word, but they are less affected by market movements, can more feasibly be held to maturity, and are generally much more suitable for holding by institutions which must always be in readiness to meet the requirements imposed by the movement of funds from one part of the country to another or from this country abroad. In the degree that the commercial banks must come to the aid of the Treasury—and doubtless they must even under the wisest Treasury management—they should be provided the opportunity to take securities suitable to their needs.

It should, however, be the aim of the Government to call upon the banks for war financing only when all other sources have been exhausted. The other sources have not as yet been by any means thoroughly exploited, and there is little to indicate that they will be.

Wage-Hour Chief On "Overtime" Decisions

The significance of the opinions of the Supreme Court in the two decisions handed down on June 9 was pointed out on June 15 in a statement issued by L. Metcalfe Walling, Administrator of the Wage and Hour and Public Contracts Divisions of the United States Department of Labor, in response to inquiries. Mr. Walling's statement follows:

In Overnight Motor Transportation Company v. Missel, the Supreme Court made it abundantly clear that the overtime benefits of the Fair Labor Standards Act are limited neither to that marginal group of workers who are paid wages at or near the minimum rates prescribed in the Act, nor to employees who happen to be compensated on an hourly basis. The Court held that salaried workers who are employed in interstate commerce or in the production of goods for interstate commerce must be compensated for weekly hours in excess of 40 at not less than one-half times their regular rate of pay, and that the regular rate for this purpose is to be computed through dividing the weekly wage by the number of hours worked in the particular week, where the employment contract is for a fluctuating workweek. This is the method of computation which has heretofore been approved by the Wage and Hour Division.

However, in Walling v. A. H. Belo Corporation, the Supreme Court ruled by a 5 to 4 decision that the "regular rate" on which overtime must be paid could be fixed by a contract between the Dallas "Morning News" and its employees.

It is expected that a considerable amount of litigation will be necessary before the contours of the Belo decision are fixed, since the Court stated that it could not "provide a rigid definition of regular rate when Congress has failed to provide one."

I believe it only fair to warn that the Court in the Belo decision was passing on the particular state of facts before it and that generally the Division will continue to be guided by the broader interpretation contained in Overnight Motor Transportation Company v. Missel.

The announcement of the Wage and Hour Division points out that the Solicitor of Labor and his staff have begun a legal analysis of the decisions with a view to guiding the Division in its formulation of an appropriate administrative policy insofar as this may involve a deviation from the advice heretofore given by the Administrator through interpretative bulletins.

The Supreme Court decisions were referred to in our June 18 issue, page 2313.

OPA Ceilings Check Rise In Living Costs

For the first time since November, 1940, the steady rise in living costs has been checked as a direct result of the general ceiling on retail prices established on May 18 and the accompanying measure to reduce rents, Price Administrator Leon Henderson asserted on June 18.

Commenting upon a special study by the Bureau of Labor Statistics of living costs in 21 cities for the period from May 15 to June 2, Mr. Henderson stated, "The first returns are in. They are good. They show that at last the upward movement in living costs has been checked and that they actually declined slightly in the period under study. The survey demonstrates that if we are really serious about it, the battle against inflation can be won."

The Price Administrator further stated:

But that battle is not won yet. If future reports are to be as good, we must have the unremitting vigilance of everyone. To hold living costs stable is the people's battle. The people must be on guard, and I may say they are not yet sufficiently on guard. Our experience during the first month of general price regulation has shown us all too clearly that there are still a few people who do not believe in keeping down the cost of living as a part of the war job, or who would like to see controls applied only to the other fellow. There are some who would like to see the administration of this program hamstrung or crippled. I feel certain that public opinion will scuttle the efforts of these groups, but the public must be vigilant.

It is our good fortune that those who are opposed to price control are a small minority. During these first early weeks we have had the enthusiastic support of the great majority of manufacturers, wholesalers and retailers. These people have gone to work with a will to make the program succeed.

The program for the months ahead is one of joint effort by consumers, retailers, wholesalers, manufacturers and the Government to see that the provisions of the General Maximum Price Regulation are followed scrupulously. We have seen what this regulation can do to hold down prices. We must all join to see that it works as well in the future. It is the job of everyone to see that the ceiling prices are rigorously observed.

We must also backstop the ceiling by seeing that the buying power of the country is brought down to levels approximating the supply of goods and services that are available. This means that we will have to have increased savings, greater purchases of war bonds, larger diversion of incomes into taxes, repayment of debts and stabilization of wages and of farm prices not covered by the price law. With these additional steps, we are bound to succeed.

The Bureau of Labor Statistics study shows that the increase in living costs, which has mounted 17½% since the outbreak of the war in Europe, stopped in its tracks during the May 15-June 2 period, and actually declined 0.1% on the average for the 21 cities surveyed.

The greatest decline came in rents, which dropped 1.2% as the result of, or in anticipation of, rent regulations setting inflated rents back to earlier dates.

Greater New York Fund Campaign Under Way

Questions of vital importance to business, industry, the professions, finance and labor were discussed by Thurman Arnold, Assistant Attorney General, and John W. Hanes, former Under Secretary of the Treasury and Chairman of the 1942 campaign of the Greater New York Fund, at the recently-held third progress luncheon of the fund. Eight hundred volunteer workers, leaders in business and the professions, attended the luncheon at which Mr. Hanes announced that the Fund's campaign to date had raised a total of $3,801,556. This is the largest amount raised by the Fund for this period in any of the five years of its life, except last year. The Fund's goal is $5,000,000 and Mr. Hanes declared that he will not stop work until that sum has been reached or bettered.

He made a strong plea for a community chest for New York City. He declared that James G. Blaine, President of Marine Midland Trust Co., and known as the "Father of the Fund" and its President for the first four years of its life, and James A. Farley, former Postmaster General and last year's campaign chairman, as well as city and State officials and leaders in the business and professional life of New York, are unanimous in the opinion that a combined drive for the support of local charity institutions is vital, especially now during the war, to the prosperity and morale of the people.

Mr. Hanes said that if it does not seem advisable at present to have all public appeals merged into one, all should be eliminated except two — "one, which would unite all war appeals, and one a chest to provide support for local charities."

Assistant Attorney General Arnold seconded Mr. Hanes' appeal for a united fund raising effort, declaring: "I have come all the way from Washington to do the unusual thing for me—plead for monopoly—a monopoly of all your efforts as soon as possible."

Mr. Arnold praised the work of the Greater New York Fund and cited it as a symbol of the fact that private industrial enterprise, not regulated by government, is the best sort of an organization to fill the needs of the community.

House Passes Bill Providing For Voluntary Adjustment Of Railroad Obligations

The McLaughlin Bill, to provide for the voluntary adjustment of railroad obligations, was passed by the House on June 16. Representative McLaughlin, the author of the bill, and Chairman of the Committee on Reorganization and Bankruptcy of the House Judiciary Committee, stated in the House on June 15 that the bill re-enacts Chapter 15 of the Bankruptcy Act (the so-called Chandler Bill) providing for voluntary readjustments of capital structures of railroads. With respect to the bill introduced by him Representative McLaughlin had the following to say in part in addressing the House on June 15:

It [the bill] comes to the House with the unanimous approval of the Committee on the Judiciary. Hearings were held and numerous witnessed appeared and testified, and other witnesses filed written statements and briefs. No one appeared in opposition to the measure. However, several amendments were suggested by those who testified and these amendments were carefully considered by the Subcommittee on Bankruptcy and Reorganization and by the full Judiciary Committee.

This bill has to do with railroads which do not need the complete reorganization afforded by Chapter 77 of the Bankruptcy Act. It was originally enacted in 1939 to enable railroads which were in need of minor adjustment of their financial structures to bring about such changes by voluntary agreement. It has worked excellently in the two outstanding cases in which resort has been had to it, namely, the Baltimore & Ohio Railroad case and the Lehigh Valley Railroad case. These reorganizations have been completed and everyone concerned is thoroughly satisfied with them.

Witnesses who have appeared at the hearings on this bill—H.R. 7121—have pointed out the beneficial results accomplished in those two cases and in other cases in which reorganizations were effected through Chapter XV proceedings.

As to the provisions of the bill we quote the following from June 16 advices to the New York "Journal of Commerce" from its Washington bureau:

The bill, in its present amended form, would provide aid for carriers which are not in need of the complete reorganization as is available under Section 77 of the Bankruptcy Act, but find it necessary to obtain some modification of their outstanding financial structure.

Any railroad desiring to effect an adjustment of certain of its obligations, as well as modification, or postponement, of certain of its maturing obligations or of its capital structure, under the provisions of the bill, will prepare a plan of adjustment to be submitted for assent of the creditors involved.

Following receipt of approval from a minimum of 25% of the creditors, the bill authorizes the railroad to submit the proposed plan to the Interstate Commerce Commission for consideration. Should that body approve the plan, the Commission is empowered to issue orders to carry out the proposals embodied in the plan.

The new bill requires approval of but 25% of the affected creditors in contrast with the previous Chandler Act which required approval of two-thirds, in order to enter the reorganization plan in the Federal District Court. Following that action it was further required to obtain the consent of 75% of the holders in order to obtain ICC certification.

The text of the Chandler Bill as enacted into law in 1939 was given in our issue of Aug. 26, 1939, page 1235.

Defer Conventions, Fairs Urges ODT Head

Deferment for the duration of all meetings, conventions, and group tours which are not closely related to furtherance of the war effort was called for on June 19 by Joseph B. Eastman, Director of Defense Transportation. Mr. Eastman asked also that all state and county fairs be postponed. He also advised that attendance at meetings which are closely related to the war program should be skeletonized. Pointing to the steady rise in the volume of passenger traffic on railroad and bus lines, Mr. Eastman appealed to the American people voluntarily to impose certain restrictions on their travel. "Vacations," he said, "should be staggered throughout the year, and vacation travel should be scheduled so that trips would neither start nor terminate on week-ends. Private passenger cars should not now be used for extensive vacation travel," he added. "Do not travel, aside from vacations, for mere pleasure or when travel can readily be avoided," Mr. Eastman said. "If the American people will voluntarily impose certain restrictions upon their travel such as have been indicated, there is good reason to hope that no drastic control over travel will be necessary." Mr. Eastman made the statement that "it is difficult to forecast the future with any accuracy, but it is clear that travel as usual is out for the duration." He further said:

The volume of passenger traffic on railroad and bus lines is rising steadily and is now about 50% greater than last year.

Hundreds of thousands of troops who must be moved over long distances have first call on our passenger facilities. Troop movements have been heavy, but they are constantly increasing and will be much heavier. The volume of necessary business travel is also rising.

* * *

Moreover, railroad facilities are being put to great strain in the handling of the heavy volume of freight shipments which result from the rising war production, dislocation of ocean shipping, and war activities in regions where hitherto traffic has been sparse. Obviously the movement of essential freight traffic must take precedence over all passenger traffic which is not involved in the war program.

The American people were accordingly asked by the ODT to voluntarily impose the following restrictions upon their travel:

1. Defer all meetings, conventions, and tours of groups not closely related to the furtherance of the war effort, since such mass movements interfere with regularly scheduled traffic and frequently require the use of extra equipment.

In the case of meetings closely related to the war effort, attendance should be skeletonized along the lines of the splendid example set by the American Legion in its forthcoming convention.

2. Postpone all State and county fairs. Farmers should not be encouraged to use, for nonessential purposes such as these, the tires which are so necessary to their livelihood and so necessary to provide a continuing food supply. Nor should they transfer the burden of such travel to public carriers.

3. Vacations are desirable from the standpoint of public health, efficiency, and morale, and vacation business has furnished a means of livlihood to many people in various parts of the country. Clearly, however, private passenger cars should not now be used for extensive vacation travel, and if such travel should be concentrated in large volume on the railroad and bus lines during the summer months, there is danger of serious congestion. Business organizations and other employers should stagger the vacations of employees throughout the year so far as practicable and, to reduce week-end traffic congestion, encourage their employees to leave and return from vacations during the middle of the week.

It may be that in certain parts of the country there will be less congestion of passenger travel than in others. Therefore, those planning vacations should consult agents in advance as to the prospects for travel over the lines which they contemplate using. Travelers cannot count on normal service, for delays, crowding, and scarcity of accommodations will occur as a result of heavy travel, and on some lines more than on others. Those who undertake vacation travel must expect and be ready to endure such discomforts.

4. Do not travel, aside from vacations, for mere pleasure or when travel can readily be avoided. The railroad and bus lines have taken commendable action in eliminating inducement fares, advertising intended to stimulate travel, excursions, and the operation of special trains to recreational events and meetings.

According to the New York "Herald Tribune" of June 20, George K. Dahl, editor of "World Convention Dates," pointed out on June 19 that all patriotic Americans are in agreement with Mr. Eastman on halting non-essential traffic, but, he added, "we fear very definitely that the vague generalities of his statement on the subject may hamper the war effort by obstructing conferences and other gatherings which clearly come within the realm of his approval." From the same paper we also quote in part:

The "vagueness" of the request, Mr. Dahl said, still leaves the question of whether to proceed with conventions "in the laps of the sponsoring associations, surrounded by uncertainties and qualms."

Mr. Dahl said that his publication less than a month ago, at the request of the Department of Commerce, made a survey which established that of the 20,323 conventions held annually in the United States 10,773 are conducted by trade associations and professional societies.

Emphasizing that business and professional conventions today are "work sessions, not junkets," and provide "an indispensable forum for the discussion of war-related, war-engendered problems," he said:

"When Mr. Eastman speaks of a convention, he apparently means the type commonly associated with the American Legion, the Elks, the Odd Fellows, the Shrine and other fraternal and patriotic organizations. Clearly, what he says excludes such work-a-day groups as the Society of Automotive Engineers, whose Detroit sessions were so 'war-related' that the Army, the Navy and the FBI guarded the doors to exclude non-members; the National Electrical Manufacturers Association, which co-operated in staging the first Priorities School; the National Retail Dry Goods Association, now up to its ears in conferences to explain OPA regulations; the American Management Association, whose production conference was so 'war related' that it was used as a springboard for a short-wave radio broadcast to Axis and Axis-occupied countries."

Mr. Dahl said Mr. Eastman's reference to "mass movements" in connection with conventions is "wide of the mark." More than half of all the conventions are attended by fewer than 300 persons, and 83% of them bring out fewer than 500 persons, he reported.

Living Costs In Large Cities Decline Slightly As Result Of Price Regulation

"After 19 months of increase, the cost of living in large cities on June 2 was slightly lower than on May 15," Secretary of Labor Perkins reported on June 15. "This is the first time that the index of the cost of living has shown any decrease since November, 1940," she said. "The stabilization of the index in this period represents in large part a balance between increases in the prices of certain foods which are not subject to control and decreases in prices of controlled foods, clothing, housefurnishings, and rents in some areas. There was a net advance of 0.8% in total living costs between mid-April and mid-May, but a drop of 0.1% between mid-May and the beginning of June," said Miss Perkins, who added:

"Average living costs of wage earners and lower-salaried workers in large cities were 10.8% higher on June 2, 1942 than on June 15, 1941 and 15.9% higher than the average for the five years 1935-39. The net advance from the outbreak of the war in Europe to June 2 of this year is 17½%."

The special survey upon which these figures for June 2 are based was made by the Bureau of Labor Statistics in order to ascertain the immediate effect of the General Maximum Price Regulation, which became applicable in retail trade on May 18. The order provided that prices of most of the goods purchased by moderate-income families be reduced to the highest level that prevailed in March.

The Labor Bureau's announcement further said in part:

Clothing and Housefurnishings

"Clothing prices reached a peak during April, and by June 2 had declined 0.8% below the average April 15 level. June 2 costs remained, however, almost 2% above those on March 15, but the reports available do not indicate how far prices rose in the latter part of March.

"All articles of clothing are covered by the Maximum Price Regulation effective May 18, which required the return of prices to the highest level prevailing in March. In many cases, retailers brought their prices to ceiling levels even before the regulations became effective. Between April 15 and May 15, a drop in clothing costs was shown in 13 of the 21 cities surveyed and between May 15 and June 2, decreases were reported from 17 of these cities."

Rents

"Sharp declines in rent, required in a few large cities by the Office of Price Administration, cause the average for large cities in the United States to decline 1.2% between May 15 and June 2. This drop brought the average for large cities in the United States to a level of 0.6% below that of mid-April."

Food

"Between April 15 and May 15, the food costs of wage earners and lower-salaried workers rose by 1.7%. Between May 15 and June 2, there was a further advance of 0.3%. The latter increase was primarily due to higher prices for fresh fruits and vegetables, lamb, and poultry, which are exempt from control. (Most fresh fruits and some vegetables usually advance at this time of year). Prices of most meats and packaged foods dropped substantially. While those declines were not enough to offset the advances on the average for the 21 cities combined, a net drop in food costs occurred in the two weeks following the effective date of the price order in about half of the cities surveyed.

"The Maximum Price Regulation which was effective May 18 applies to about 60% of the food bill of the moderate-income city family. Section 3 of the Emergency Price Control Act passed by Congress on Jan. 29, 1942 provides that prices of agricultural commodities shall not be fixed until their value in exchange to the farmer shall be at least 10% higher than their average value in the years 1909 to 1914, that is until they have reached 110% of what is known as their parity price. Because of this limitation, no price ceilings are being placed at present on butter, cheese, eggs, poultry, mutton and lamb, evaporated and condensed milk, flour, loose corn meal, citrus fruit juices, dried prunes and dried beans. Fresh fruits and vegetables (except bananas) and fresh fish and sea food are also exempt from the price order, because of the serious administrative difficulties which would be involved in regulating prices of foods which vary so greatly from season to season in quantity and character."

Fuel, Electricity and Ice

"Between April 15 and May 15, the price of coal rose in most of the cities in which it is in general domestic use, with a few exceptions such as New York and Mobile. From May 15 to June 2, there were still further increases. The price of bituminous coal is not subject to the General Maximum Price Regulation, but to a special price ceiling issued on the same date, which sets specific ceiling prices for the different grades and sizes in each producing area. These coal ceilings are not tied to the maximum March levels.

"Fuel oil prices, which are under the General Regulation, remained stable in the latter half of May, following an increase between April 15 and May 15 in cities on the Northeastern seaboard.

"Rates for gas and electricity, which are not subject to control by the Office of Price Administration, remained generally stable throughout the period, except for increases in the cost of gas in San Francisco and Cincinnati, a decrease in gas rates in New York, a reduction in charges for electricity in Houston."

Zionist Leader Praised

Dr. Chaim Weizmann, British scientist and President of the World Zionist Organization, was honored at a testimonial dinner at the Waldorf-Astoria Hotel, New York City, on June 10 on the occasion of the completion of 30 years leadership. Among those sending congratulatory messages were President Roosevelt, Viscount Halifax, British Ambassador to the United States; Frank Knox, Secretary of the Navy; Wendell L. Willkie, Governor Herbert H. Lehman, and Mayor F. H. LaGuardia.

President Roosevelt expressed his "high appreciation of Dr. Weizmann's scientific and humanitarian achievements during the course of his long and distinguished career."

Federal Reserve Board Reports Industrial Activity Showed Further Increase In May

The Board of Governors of the Federal Reserve System reported on June 19, in its summary of general business and financial conditions that industrial activity continued to advance in May and the first half of June. Commodity prices showed little change after the middle of May when the general maximum price regulation went into effect. Retail trade declined further in May but increased somewhat in the first half of June. The Board's summary continues:

Production

"Volume of industrial production increased in May and the Board's seasonally adjusted index advanced to 176% of the 1935-39 average, as compared with 173 in April and 171 during the first quarter of this year. Output of manufactured products continued to increase, reflecting chiefly further growth in production of war materials, while mineral production showed a seasonal rise.

"The largest increases in May, as in other recent months were in the machinery and transportation equipment industries which are now making products chiefly for military purposes. The amount of copper smelted rose sharply and output of chemicals continued to advance. Activity in the automobile industry, which since January had been retarded during the conversion of plants for armament production, showed an increase in May.

"Steel production was maintained at about 98% of capacity in May and the first half of June. Lumber production increased seasonally and activity at furniture factories, which usually declines at this time of year, was sustained at a high rate. In industries manufacturing textiles and food products, output continued large in May. Gasoline production declined further, however, reflecting the effects of transportation difficulties. There was a further marked decrease in paperboard production which, according to trade reports, reflected a slackening in demand.

"Coal production was sustained at a high rate in May and output of crude petroleum increased somewhat, following considerable declines in March and April. Copper production and iron ore shipments rose sharply to new record levels.

"Value of construction contract awards increased sharply in May, following a decline in the previous month, and was close to the record high level reached last August, according to figures of the F. W. Dodge Corp. Awards for publicly financed work increased in May and, as in other recent months, constituted around three quarters of the total. Awards for residential building continued to decline.

Distribution

"Retail trade declined further in May. Department store sales were about 7% smaller than in April and sales by mail-order houses showed a similar decrease. In the first half of June department sales increased somewhat.

"Carloadings of revenue freight increased in May by about the usual seasonal amount. There was a further substantial decline in the number of cars loaded with merchandise in less than carload lots, reflecting the effect of Federal orders raising the minimum weights for such loadings. Increases were reported in shipments of most other classes of freight, particularly coal, ore, and miscellaneous freight.

Commodity Prices

"Prices of most commodities both at wholesale and retail showed little change after the general maximum price regulation went into effect around the middle of May. Declines occurred in prices of cotton and some other agricultural commodities, and prices of some industrial commodities were reduced to conform with the general order that prices should not exceed the highest levels reached in March. Action was taken to exempt most military products from the general regulation and to allow for special treatment of women's coats and dresses and a few other non-military items.

Bank Credit

"During May and the first half of June, the Federal Reserve Banks purchased about $200,000,000 of United States Government securities. Additions to member banks' reserves from this source, however, were offset by continued withdrawals of currency by the public. Excess reserves fluctuated around $2,700,000,000 during the six-week period.

"Reporting member bank holdings of United States Government securities increased by nearly $1,000,000,000 during the period. Two-thirds of the increase came in the week ending May 20 with delivery of new Treasury 2% 1949-51 bonds, and the balance represented mainly increased bill holdings. Loans declined somewhat in the period. Adjusted demand deposits continued to increase, while United States Government deposits were reduced.

United States Government Security Prices

"Prices of taxable United States Government bonds, which declined by about ½ point at the time of the early May financing, subsequently regained that loss and during the first half of June remained steady."

Nat'l Foreign Trade Council Will Meet

The National Foreign Trade Council announces that its 29th annual National Foreign Trade Convention will be held this year in Boston, Mass., on Oct. 7-9 inclusive, with headquarters in the Hotel Statler. The Boston Chamber of Commerce, in cooperation with other New England business and civic organizations, will be host to the Convention. Governor Leverett Saltonstall of Massachusetts, and Mayor Maurice J. Tobin of Boston, were among those who invited the Council to hold this year's meeting in Boston.

The Chairman of the National Foreign Trade Council, James A. Farrell, and the President of the Boston Chamber, Henry J. Nichols, have issued calls to the Convention emphasizing the importance to all concerned with the nation's foreign trade and shipping of conferring together on questions of mutual interest, during and after the war. In his invitation to the thousand and more delegates who attend these conventions, Mr. Farrell states that the Council has received from Sumner Welles, Under Secretary of State, who will speak at the World Trade Dinner of the coming Convention, and from Wayne C. Taylor, Under Secretary of Commerce, who will address the opening session, assurances of continued active cooperation by their departments, and participation as in former years by leading Government officials in the proceedings of the Convention. Mr. Farrell says:

> It is the intention this year to make the program responsive to the needs of the hour, as affecting foreign traders, and, above all, to provide an opportunity for making more widely known the views of American business men, in respect to the carrying out of the general principles agreed to by the United Nations in Article VII of the Anglo-American Agreement of Feb. 23, 1942.

The National Foreign Trade Council considers it of the highest significance to the wartime morale of all peoples resisting Axis claims to economic domination, that the Hitler regime be deprived of the initiative in planning for the future. The Nazi regime not only has formulated the general principles upon which its Nazi-controlled economic order will be based, but has translated these principles into practice in all countries now subject to its military domination.

New "Gas" Ration Plan Postponed Until July 22

The Office of Price Administration on June 22 announced that the introduction of the permanent gasoline rationing plan in the East has been postponed a week, from July 15 to 22, to give motorists more time to form car-sharing clubs. Registration dates at public schools for the basic A coupon books likewise were shifted from July 1, 2 and 3 to July 9, 10 and 11. Extension of plan was announced by the OPA on June 11 (see last week's "Chronicle," page 2298).

To enable the present emergency ration system to operate for the extra week, the OPA authorized filling-station attendants to punch the war bond seal in the upper left corner of the ration card as if it were one of the ration units.

Holders of A cards will be entitled to an additional three gallons for the week; B-1 holders to four gallons, B-2 to five gallons and B-3's to six gallons. All unused units on A and B cards will continue to be good for six gallons.

Car clubs in which four or more persons arrange to ride to and from work together have been made a requirement for any supplementary rations. Price Administrator Leon Henderson emphasized that in order to avoid confusion and inconvenience after the plan goes into effect, motorists should make every effort to form immediately as many clubs as possible before the registration period.

Signatures of club members must appear on any application for supplemental rations before it will be considered by a local rationing board. If an applicant has not formed a car club, he will have to prove that it was impossible for him to do so.

It was pointed out that formation of a car club will not entitle a motorist automatically to an extra ration, since he must show that his mileage requirements justify an allowance of more gasoline than is provided by the basic A ration book.

Application forms for supplemental B and C books will be available at registration time. As soon as they are filled out they may be submitted to a local rationing board for decision.

To combat would-be "gasoline chiselers" under the permanent gasoline rationing program, the Office of Price Administration on June 19 announced that every passenger car and truck driver will be required to display on his windshield a colored sticker, which will proclaim the type of ration book he has obtained.

Nat'l Accident & Health Convention In Detroit

The 1942 annual convention of the National Association of Accident and Health Underwriters will be held at the Statler Hotel in Detroit, June 29, 30 and July 1. Prominent speakers are scheduled to address the meeting.

U. S. Labor Department Reports On Factory Workers' Hours And Earnings During April

A further gain of 1.2% in April in the average hourly earnings of wage earners in all manufacturing industries raised the April average to 81.9 cents, Secretary of Labor Frances Perkins reported on June 21. "The April 1942 figure was 15.6% above the level of April of last year," she said.

Secretary Perkins further stated:

"The increase in hourly earnings over the month interval was attributable largely to the expansion of working forces in the higher-paying war industries and to wage-rate increases. The increase in overtime hours worked, which has been a significant factor in the rise in hourly earnings, had less effect on the April trend, average hours worked remaining virtually unchanged from the preceding month. While average hours worked in the separate industries showed some variations over the month interval, the changes generally were not pronounced and in a number of the war industries, which had been operating at extremely high levels, slight reductions in average hours were reported in April.

"Wage-rate increases were reported by approximately 1,000 manufacturing establishments out of a reporting sample of about 34,000 plants. These increases averaged 8.0% and affected about 205,000 wage earners of the approximately 8,000,000 covered by the survey. Of those receiving increases, 95,100 were employed in the durable goods industries and 109,400 in the non-durable. Industries in which substantial numbers of workers benefited from wage-rate increases were boots and shoes (15,638), foundry and machine-shop products (14,707), shirts and collars (10,462), cigars and cigarettes (9,563), chemicals (9,368), blast furnaces, steel works, and rolling mills (7,044), and electrical machinery (6,327).

"For the durable goods group of manufacturing industries as a whole, the average hourly earnings were 91.0 cents, a gain of 1.3% over the month and 16.1% over the year. Non-durable goods workers, however, averaged only 71.4 cents an hour in April with gains of 0.9% over the month and 13.3% over the year.

"The average hours worked per week in all manufacturing industries combined in April (42.4) remained at virtually the same level as in March (42.5), but were 6.6% higher than in April 1941. The average work-week in the non-durable goods group (39.7) and the durable goods group (44.7) also remained virtually unchanged between March and April. The former showed a relatively small increase over the year (3.8%) and the latter a substantial gain (8.4%). Only 6 of the 43 durable goods industries listed in the following tables averaged less than 40 hours per week, 24 averaged more than 44 hours, and one, machine tools, averaged 53.9 hours. Five other durable goods industries not listed in the tables showed average weekly hours in excess of 50 per week; machine tool accessories 55.1, metal working machinery not elsewhere classified 54.7, pumps 52.3, screw-machine products 50.7, and sewing machines 50.5. In the latter industry conversion to production of war materials accounts for the extended operations.

"Reflecting the gains in average weekly hours and hourly earnings over the year interval, the average weekly earnings of wage earners in all manufacturing industries combined ($36.63 in April) showed an increase of 24.7% since the same month of last year. For the durable goods group, the weekly earnings were $42.57, 27.3% higher than a year ago, and for the non-durable goods group, $27.82, an increase of 17.9% over the year.

"Among the non-manufacturing industries, the general trend of hourly earnings between March and April was upward, dyeing and cleaning plants reporting the largest percentage gain (3.2%). Hourly earnings in bituminous coal mning, crude petroleum producing, telephone and telegraph, and electric light and power, however, were lower than in the preceding month.

"Between April 1941 and April 1942, the mining industries showed gains in hourly earnings ranging from 8.9% in crude petroleum producing to 24.4% in bituminous coal mining. In the remaining industries covered, the increases in average hourly earnings ranged from 6.6% in the electric light and power industry to 8.8% in dyeing and cleaning, with the exception of the telephone and telegraph industry, in which the April 1942 average was 3.2% higher than a year ago. The average hours worked per week by anthracite (30.5) and bituminous coal (32.0); miners were 61.2 and 42.6% higher, respectively, than a year ago, when work stoppages had occurred in bituminous coal mining pending the signing of new contracts, and anthracite mines had dropped to an extremely low level following the accumulation of stock piles in the immediately preceding months. The hours worked in metal mining were 3.0% higher than last year, in quarrying and non-metallic mining 3.6% higher, and in crude petroleum production 1.1%. The changes in hours worked over the year in the remaining non-manufacturing industries were not particularly significant. The changes in average weekly earnings among the non-manufacturing industries followed the course set by the average weekly hours and hourly earnings, bituminous coal and anthracite showing spectacular gains because of the abnormal conditions prevailing in April of the previous year."

It should be noted that plants converted to war production are continued under their former peace-time industry classification.

Finds War Bond Sales Aid Employee Thrift

As a result of vigorous promotion campaigns by many companies with the assistance of the United States Treasury, the sale of war bonds through payroll deductions has now become the most important medium for encouraging employee thrift in American industry, according to a study of employee thrift plans in wartime just completed by the Conference Board. The Board states, under date of June 15, that if American workers voluntarily save substantial amounts of their present high incomes, the threat of inflation may be appreciably lessened and the dimensions of the post-war problem can be considerably reduced; it adds:

> It should be obvious that a serious period of readjustment lies ahead when the war ends. A major source of industrial orders will be exhausted. In addition, the expanded plant facilities geared to war production may be far in excess of those required to meet peace-time civilian needs, with the result that the volume of total and partial unemployment will probably be large. By accumulating a reserve for the anticipated emergency, the American worker is serving his own self interest, and has the satisfaction of knowing that through the sacrifice entailed by saving he is doing his bit to help his country through a critical period.

Treasury Offering Of Ctfs. Oversubscribed

The Treasury Department announced on June 22 that preliminary reports as to the offering on June 18 of $1,500,000,000 or thereabouts of 5/8% Treasury Certificates of Indebtedness of Series A-1943 showed cash subscriptions in excess of $3,113,000,000. The Treasury said that allotments would be made 50% on a straight percentage basis but not less than $25,000 on any subscription, with adjustments where necessary to the $1,000 denomination. Subscriptions up to and including $25,000, totaling about $61,000,000 are being allotted in full.

The subscription books were open for two days (June 18 and 19) and subscriptions up to $25,000 will be allotted in full, the Treasury explaining that this policy was adopted in order to insure more extensive participation on the part of banks, corporations, and others interested in a type of security carrying maturities somewhat longer than Treasury bills. There were no restrictions as to the basis for subscribing to this issue.

The certificates, dated June 25, will be payable Feb. 1, 1943, and will bear interest at the rate of 5/8% per annum, payable at the maturity of the certificates.

This marked the second time this year that this type of security has been offered by the Treasury; in April last $1,500,000,000 of 1/2% 6 1/2 month certificates of indebtedness were sold. The Treasury this year resumed issuance of these obligations after a lapse of eight years in response to a demand on the part of corporations, banks and other investors for a security with a longer maturity than Treasury bills, in which to invest current accumulations of business funds.

This offering of certificates of indebtedness differs from the previous one in that there were no restrictions as to the basis for subscribing to the issue, although subscribers had to agree not to sell or otherwise dispose of their subscriptions prior to the closing of the books. In the April offering there were definite limitations for the various classes of subscribers. Another change from the previous offering consists in the fact that subscribers other than banks and trust companies had to make a down payment of only 5% of the amount of certificates applied for in the case of the latest issue instead of 10% as to the issue offered in April.

The previous offering of certificates was reported in these columns April 9, page 1444. Plans for the current offering were discussed in our June 18 issue, page 2311.

The text of the official circular describing the offering follows:

UNITED STATES OF AMERICA
5/8% Treasury Certificates of Indebtedness of Series A-1943

Dated and bearing interest from June 25, 1942

Due Feb. 1, 1943

1942
Department Circular No. 688

Fiscal Service
Bureau of the Public Debt

Treasury Department,
Office of the Secretary,
Washington, June 18, 1942

I. Offering of Certificates

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par and accrued interest, from the people of the United States for 5/8% certificates of indebtedness of the United States, designated Treasury Certificates of Indebtedness of Series A-1943. The amount of the offering is $1,500,000,000, or thereabouts.

II. Description of Certificates

1. The certificates will be dated June 25, 1942, and will bear interest from that date at the rate of 5/8% per annum, payable on an annual basis at the maturity of the certificates. They will mature Feb. 1, 1943, and will not be subject to call for redemption prior to maturity.

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

3. The certificates will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes and will not bear the circulation privilege.

4. Bearer certificates with one coupon attached will be issued in denominations of $1,000, $5,000, $10,000, and $100,000. The certificates will not be issued in registered form.

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

III. Subscription and Allotment

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington. Subscribers must agree not to sell or otherwise dispose of their subscriptions, or of the securities which may be allotted thereon, prior to the closing of the subscription books. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Others than banking institutions will not be permitted to enter subscriptions except for their own account. Subscriptions from banks and trust companies for their own account will be received without deposit. Subscriptions from all others must be accompanied by payment of 5% of the amount of certificates applied for.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of certificates applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, subscriptions for amounts up to and including $25,000 will be allotted in full. The basis of the allotment on all other subscriptions will be publicly announced, and allotment notices will be sent out promptly upon allotment.

IV. Payment

1. Payment at par and accrued interest, if any, for certificates allotted hereunder must be made or completed on or before June 25, 1942, or on later allotment. In every case where payment is not so completed, the payment with application up to 5% of the amount of certificates applied for shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District.

V. General Provisions

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

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

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

House Votes Navy $8 1/2 Billion For Ships

By a vote of 319 to 0, the House on June 18 passed and sent to the Senate an $8,500,000,000 naval construction bill designed to add 1,900,000 tons of combat ships to the Nation's fleet. The measure provides for the construction of 500,000 tons of aircraft carriers, 500,000 tons of light and heavy cruisers, and 900,000 tons of destroyers and destroyer-escort vessels, together with 1,000 smaller craft, 800 of which would be submarine chasers and torpedo boats.

In explaining the purposes of the bill before the House on June 18, Representative Vinson (Dem., Ga.), Chairman of the House Naval Affairs Committee, said:

This is the largest single authorization bill for the construction of combatant ships that has ever been considered by the Naval Affairs Committee and reported to the House. It authorizes an increase in the combatant tonnage of aircraft carriers by 500,000 tons, of cruisers by 500,000 tons, and destroyers and destroyer-escort vessels by 900,000 tons. It will be noted that this authorization does not provide for increasing the tonnage of capital ships. This omission is occasioned by two facts, first, that existing authorizations for capital ships will, when completed, provide for an adequate number of battleships and, second, it is anticipated and is borne out by the war so far that the loss in aircraft carriers, cruisers, and destroyers will be, relatively, much greater than in battleships, and consequently, provision must be made for a large additional number of these types of ships.

In addition to the emphasis placed upon the construction of aircraft carriers, as is done in this bill, I am pleased to report that the Navy Department is fully alive to the major, if not decisive, role that aircraft carriers and the planes based thereon have been playing in the present war. This does not mean that other types of combatant ships have lost their long-range value, but the policy of the Navy Department in concentrating, for the present, on the construction of aircraft carriers is, in my opinion, entirely sound. This will necessitate deferring the construction of certain other types of ships, the immediate need for which is not so urgent. In other words, I understand that the Navy Department in projecting its immediate ship construction program from time to time will be guided by the most recent war experience in determining the types of combatant ships which require the highest priority.

Chairman Vinson further revealed that the Navy Department contemplates getting under way almost immediately, in connection with the aircraft carrier program, while the cruiser and destroyer program will be started early in 1943. He added that previous authorizations for the construction of combatant ships have totaled 3,749,480, of which total 1,009,245 tons are in service; 2,646,606 tons are under construction, and only 93,629 tons is not yet under way.

Opposes Accumulation Of Civilian Goods

A request that all banks and financing institutions use their influence toward discouraging "all unnecessary purchases of civilian goods" with a view to keeping down inventories was made in a letter addressed to the institutions by Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System. This became known on June 17, when it was stated that his request followed a conference which Mr. Eccles had with Secretary of the Treasury Morgenthau, Secretary of Commerce Jesse Jones, War Production Chief Donald Nelson, Price Administrator Leon Henderson, and Chairman Ganson Purcell of the Securities and Exchange Commission and himself. As to this, Washington advices to the "Wall Street Journal" of June 18 had the following to say:

There was complete agreement, Mr. Eccles said in the letter, that the voluntary cooperation of banks must be enlisted in achieving the object of preventing the accumulation of inventories of consumer civilian goods.

"To this end," he wrote the banks, "it is hoped you will use your influence in your community to discourage all unnecessary purchases of civilian goods, and you will scrutinize carefully every application which might enable a borrower to carry a greater supply of goods than his minimum requirements.

"This general credit policy would not apply in special situations such as the need for supplying fuel for heating purposes next winter, or accommodating manufacturers and dealers having stocks that must be held because of freezing or rationing orders."

RFC To Finance Cost Of New Tex.-Ill. Pipeline

The Reconstruction Finance Corporation will finance the estimated $35,000,000 cost of the proposed 24-inch oil-gasoline pipeline from Longview, Tex., to Salem, Ill., it was announced on June 12 by Secretary of Commerce Jesse Jones.

Authorization of the pipeline's construction by the War Production Board to relieve the shortage in the Eastern States was reported in our issue of June 18, page 2310.

From Associated Press Washington advices June 12 the following is taken:

Mr. Jones made public a letter to W. Alton Jones, President of the Cities Service Co., in which the financing pledge was made.

The letter authorized immediate placement orders for pipe, pumps, and other equipment, subject to approval by the chief engineer of the RFC. Contract negotiations with builders also were authorized.

The oil industry will supply the personnel to construct and operate the line, and will furnish without cost the engineering plans and surveys already made.

The Commerce head, who also supervises the RFC, expressed his understanding that the line would be used jointly "by the Sinclair interests, Atlantic Refinery, Sun Oil Co., Standard Oil Companies of New Jersey and New York, the Gulf Co., the Texas Co., the Tidewater, Cities Service Co. and any other interested oil company.

Work Hours, Earnings At Peak, Bd. Reports

New peak levels of hourly and weekly earnings, man hours and payrolls were recorded in April, according to The Conference Board's regular monthly survey of 25 manufacturing industries. The average work week in April was longer than in any other month since the depression, and "real" weekly earnings exceeded those of any other month since these surveys were begun.

Under date of June 21, the Board further reported:

The effects of the war upon earnings are clearly in evidence. In August, 1939, all manufacturing workers averaged $27.29 a week for 37.9 hours of work at $.720 an hour. From these levels, hourly earnings advanced to $.737 in May, 1940, and the work week was reduced to 37.5 hours. As a result, weekly earnings were increased to $27.67. By November, 1941, because of wage-rate increases and of overtime payments for a work week averaging 41.5 hours, earnings averaged $.860 an hour and $35.74 a week. Increases in hourly earnings in the last five months have amounted to 4.1%, and reached an average rate of $.895 in April. The number of hours worked in one week rose 3.1% to 42.8. Weekly earnings advanced 8.1% to $38.65.

In the same period, "real" weekly earnings (dollar weekly income in terms of what it will buy) have advanced consistently. At 149.5 (1923=100) in April, they exceeded those in August, 1939, and May, 1940, when they were at the same level, by 22.4%, and those of November, 1941, by 3.4%. In general, weekly earnings of manufacturing workers have risen much more rapidly than have living costs.

Manufacturing employment has risen to new peak levels in each successive month since March, 1941. In April, 1942, there were 55.8% more persons at work than during August, 1939, 40.2% more than during May, 1940, and 3.0% more than during November, 1941. The longer work week further accelerated these increases with the result that total man hours worked in April were 76.1% higher than in August, 1939, 60.0% higher than in May, 1940, and 6.2% higher than in November, 1941. The added effect of higher hourly earnings is reflected in payroll changes over the same periods. Payrolls have risen 120.5% since August, 1939, 95.8% since May, 1940, and 11.3% since November, 1941.

U. S.-Argentine Trade Pact

The reciprocal trade agreement between the United States and Argentina, which was signed in Buenos Aires last Oct. 14, was ratified by the Argentine Senate on June 12. It has been provisionally in force since Nov. 15, when President Roosevelt directed that this action be taken as mentioned in our Nov. 22 issue, page 1165.

The pact is designed to benefit the United States exporters in that it provides for reductions or guarantees against increases in Argentine customs duties on a list of 127 tariff items, the chief of which are certain fresh fruits, tobacco, motor vehicles and parts, refrigerators, electrical machinery, agricultural and industrial machinery. Argentina is granted reductions in duties or guarantees of continuance of existing tariffs on a list of 84 items covering flaxseed, canned corned beef, coarse wools, casein, tallow, oleo oil and cattle hides.

Signing of the trade agreement was noted in these columns Oct. 23, 1941, page 728.

Honor United Nations At Flag Day Ceremony

At a special Flag Day ceremony at the White House on June 14, honoring the colors of all the United Nations, President Roosevelt formally welcomed Mexico and the Philippine Islands to "that great alliance dedicated to the defeat of our foes and to the establishment of a true peace based on the freedom of man."

Mexico's and the Philippines' adherence to the United Nations' pact, which calls for no separate peace and the use of all resources against the enemy, raises to 28 the number of nations aligned against the Axis.

The White House ceremony was attended by diplomatic representatives from all the United Nations.

In his talk President Roosevelt declared that "we of the United Nations have the power and the men and the will at last to assure man's heritage," and he said that the "four freedoms of common humanity"—freedom of speech and religion and freedom from want and from fear—"are as much elements of man's needs as air and sunlight, bread and salt." Mr. Roosevelt added:

"The belief in the four freedoms of common humanity—the belief in man, created free, in the image of God—is the crucial difference between ourselves and the enemies we face today. In it lies the absolute unity of our alliance, opposed to the oneness of the evil we hate. Here is our strength, the source and promise of victory."

The President's speech was transcribed and broadcast later by radio.

Dr. Francisco Castillo Najera, the Mexican Ambassador, signed the "declaration" for Mexico, while President Manuel Quezon of the Philippine Commonwealth signed for the Pacific Islands.

The "Declaration by United Nations" was originally signed by representatives of 26 countries on Jan. 1, 1942; reported in these columns Jan. 8, page 144.

The White House ceremony—one of many held throughout the United States and the world—also consisted of talks by 16 United Nations Ambassadors and Ministers to their own peoples over the radio in their own language. Among these were: Viscount Halifax, British Ambassador; Maxim Litvinov, Soviet Ambassador; Dr. Jan Papanek, Czechoslovak Minister; Dr. Hu Shih, Chinese Ambassador; Jan Ciechanowski, Polish Ambassador; Sir Girja Bajpai, Agent General of India; Sir Owen Dixon, Australian Minister; Cimon P. Diamantopoulos, Greek Minister; Alexander Loudon, Netherlands Minister; Walter Nash, New Zealand Minister; Ralph W. Close, South African Minister; Leighton McCarthy, Canadian Minister; Joseph Bech, Luxemburg Foreign Minister; Consantain Fotitch, Yugoslav Minister; Munthe De Morgenstierne, Norwegian Ambassador, and Count Robert Van Der Straten- Ponthoz, Belgian Ambassador. Present at the ceremony were also the diplomatic representatives of Costa Rica, Cuba, the Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Panama.

The President's Flag Day address follows:

"Today on Flag Day we celebrate the declaration of the United Nations—that great alliance dedicated to the defeat of our foes and to the establishment of a true peace based on the freedom of man. Today the Republic of Mexica and the Commonwealth of the Philippine Islands join us. We welcome these valiant peoples to the company of those who fight for freedom.

"The four freedoms of common humanity are as much elements of man's needs as air and sunlight, bread and salt. Deprive him of all these freedoms and he dies—deprive him of a part of them and a part of him withers. Give them to him in full and abundant measure and he will cross the threshold of a new age, the greatest age of man.

"These freedoms are the rights of men of every creed and every race, wherever they live. This is their heritage, long withheld. We of the United Nations have the power and the men and the will at last to assure man's heritage.

"The belief in the four freedoms of common humanity—the belief in man, created free, in the image of God—is the crucial difference between ourselves and the enemies we face today. In it lies the absolute unity of our alliance, opposed to the oneness of the evil we hate. Here is our strength, the source and promise of victory.

"We of the United Nations know that our faith cannot be broken by any man or any force. And we know that there are other millions who in their silent captivity share our belief.

"We ask the German people, still dominated by their Nazi whipmasters, whether they would rather have the mechanized hell of Hitler's "New" Order or—in place of that, freedom of speech and religion, freedom from want and from fear.

"We ask the Japanese people, trampled by their savage lords of slaughter, whether they would rather continue slavery and blood or, in place of them—freedom of speech and religion, freedom from want and from fear.

"We ask the brave, unconquered people of the nations the Axis invaders have dishonored and despoiled whether they would rather yield to conuerors or—have freedom of speech and religion, freedom from want and from fear.

"We know the answer. They know the answer. We know that man, born to freedom in the image of God, will not forever suffer the oppressors' sword. The peoples of the United Nations are taking that sword from the oppressors' hands. With it they will destroy those tyrants. The brazen tyrannies pass. Man marches forward toward the light.

"I am going to close by reading you a prayer that has been written for the United Nations on this Day:

"God of the free, we pledge our hearts and lives today to the cause of all free mankind.

"Grant us victory over the tyrants who would enslave all free men and nations. Grant us faith and understanding to cherish all those who fight for freedom as if they were our brothers. Grant us brotherhood in hope and union, not only for the space of this bitter war, but for the days to come which shall and must unite all the children of earth.

"Our earth is but a small star in the great universe. Yet of it we can make, if we choose, a planet unvexed by war, untroubled by hunger or fear, undivided by senseless distinctions of race, color or theory. Grant us that courage and foreseeing to begin this task today that our children and our children's children may be proud of the name of man.

"The spirit of man has awakened and the soul of man has gone forth. Grant us the wisdom and the vision to comprehend the greatness of man's spirit, that suffers and endures so hugely for a goal beyond his own brief span. Grant us honor for our dead who died in the faith, honor for our living who work and strive for the faith, redemption and security for all captive lands and peoples. Grant us patience with the deluded and pity for the betrayed. And grant us the skill and the valor that shall cleanse the world of oppression and the old base doctrine that the strong must eat the weak because they are strong.

"Yet most of all grant us brotherhood, not only for this day but for all our years—a brotherhood not of words but of acts and deeds. We are all of us children of earth—grant us that simple knowledge. If our brothers are oppressed, then we are oppressed. If they hunger, we hunger. If their freedom is taken away, our freedom is not secure. Grant us a common faith that man shall know bread and peace—that he shall know justice and righteousness, freedom and security, an equal opportunity and an equal chance to do his best, not only in our own lands, but throughout the world. And in that faith let us march, toward the clean world our hands can make. Amen."

States Adopt Uniform Standards For Trucks

The 48 States of the Nation have agreed to uniform standards and reciprocal license arrangements for motor transport for the duration of the war, Secretary of Commerce Jesse Jones recently announced. Mr. Jones, who is Chairman of the President's Committee on Federal-State Cooperation in the War Effort, said the agreement represented "an outstanding example of what a united nation can do in an emergency."

It is said that different rules as to sizes and weights of trucks were seriously delaying the war effort.

The standards became effective immediately and in most cases were put into effect by Governors' proclamations. One third of the States already had stricter requirements than the new universal standards. In some States, however, it was explained, road commissioners rerouted truck traffic to avoid light bridges unable to carry the heavy load permitted by the uniform standards.

Following are the permissible sizes and weights which will apply to commercial motor vehicles admitted on the highways of all the States during the war:

Width—96 inches.

Height—12½ feet.

Length of a Single Vehicle—35 feet.

Length of a Combination—45 feet.

Weight Per Inch Width of Tire—600 pounds.

Weight on Single Axle—18,000 pounds.

Weight on Two Axles—30,000 pounds.

Weight on Three Axles—40,000 pounds.

Weight of Semi-Trailers—40,000 pounds.

Weight of Other Combinations—40,000 pounds.

FHA Field Offices To Proceed On War Housing

Field offices of the Federal Housing Administration have been authorized to begin operations under the recent amendments to the National Housing Act making available substantial new funds for continued private building of war housing in designated critical areas, Federal Housing Commissioner Abner H. Ferguson announced on June 4. It is pointed out by the Administration that the new legislation increases by $500,000,000 the FHA's authorization to insure loans by private lending institutions for the construction of needed housing facilities for war workers under Title VI of the Act. Other changes are also designed to facilitate war housing construction by private builders, especially for rent. Signing of the measure by President Roosevelt was noted in these columns June 4, page 2135. The Administration states that in instructing FHA field offices to proceed under the new amendments, Commissioner Ferguson stressed that only housing which is urgently needed for the war effort and which is so designed as to effect maximum economies in use of scarce materials would be financed under the program. The Commissioner adds:

> Every precaution must be taken to avoid the possibility of the amendments being considered by anyone as encouragement to begin construction of housing which is not clearly essential for war workers, or to begin construction of essential war housing without reasonable assurance that materials are available for its completion.
>
> There are no circumstances which would warrant participation in the program made possible by this legislation unless it can be determined that postponement of the proposed housing would be detrimental to the war effort.

Staff Appointments To War Foods Board

In connection with his duties as Chairman of the Foods Requirements Committee of the War Production Board, Secretary of Agriculture Wickard on June 11 announced assignment of three officials of the Departmennt to duties with the committee. The announcement stated:

> S. B. Bledsoe, chief assistant to the Secretary will be Vice-Chairman of the Foods Requirements Committee. H. W. Parisius, another of the Secretarial staff assistants will be director of the general work of the Committee. D. A. Fitzgerald, in charge of the Division of Program Analysis of the Bureau of Agricultural Economics, will be in charge of the Committee's work of compiling data required in making forecasts of needs for foods for all purposes, including military supply, civilian supply, and Lend-Lease.

Appointment of the Food Reqirements Committee was noted in these columns June 11, page 2206.

Britain And Russia Sign 20-Year Alliance Treaty

A formal treaty of alliance between Great Britain and the Soviet Union in the war against Hitlerite Germany and of cooperation with mutual assistance after the war has been concluded, British Foreign Secretary Anthony Eden announced in the House of Commons on June 11.

The treaty, it was made known was signed formally at the Foreign Office in London on May 26 by Mr. Eden and Soviet Foreign Commissar V. M. Molotov.

Simultaneously, the Foreign Office issued a communique revealing that during the treaty negotiations "a full understanding was reached between the two parties with regard to the urgent task of creating a second front in Europe in 1942." No further details were announced on this subject.

The treaty of alliance between the two nations is for 20 years and is to go into force after ratifications are exchanged.

The treaty consists of two parts. The first is military, pledging mutual aid in the war against Germany and those states "associated with her in acts of aggression in Europe" and promising not to negotiate with the "Hitlerite government or any other government in Germany that does not clearly renounce all aggressive intention," nor to conclude, except by mutual consent, any peace "with Germany or any other state associated with her in acts of aggression in Europe."

The second part deals with political and economic aspects after the war. The two parties express their desire "to unite with other like-minded peoples" in adopting proposals "to preserve peace and resist aggression in post-war period;" it is also stipulated that "pending adoption of such proposals they will after termination of hostilities take all measures in their power to render impossible the repetition of aggression and violation of peace by Germany or any of the states associated with her in acts of aggression in Europe;" the contracting parties further "agree to work together in close and friendly collaboration after reestablishment of peace for the organization of security and economic prosperity in Europe," and to "act in accordance with the two principles of not seeking territorial aggrandizement for themselves and of non-interference in the internal affairs of other states."

The treaty replaces the agreement between the two countries signed last July 12 pledging mutual war aid and no separate peace. (This was given in our issue of July 19, 1941, page 314.)

The terms of the present pact, together with the messages exchanged by King George VI and President Mr. Kalinin of the Soviet Supreme Council and the speeches made by Mr. Eden and Mr. Molotov at the treaty signing, were introduced as a Government White Paper.

Farm Product Buying Near Record in May

Farm products costing more than $154,404,000 were bought in May by the Agricultural Marketing Administration under the general buying program for Lend-Lease and other needs, the U. S. Department of Agriculture reported on June 21. The Department states that purchases dropped below April's high mark of $193,893,000 but were the second highest for any month since the program started March 15, 1941. The decline was attributed largely to seasonal factors.

The Department's announcement also stated:

> The volume of meat products dropped in May, but the quantity purchased was sufficiently large to again lead the list of commodities bought. Particularly heavy purchases were made of canned and cured pork, frozen pork loins, lard, dried eggs, dry skim milk, cheese, dry beans, cornstarch, processed strawberries and salad oil.
>
> The cumulative value of all farm products bought for Lend-Lease shipment and other distribution needs approximated $1,225,660,315 for the 14½-month period ending May 30.
>
> Commodities bought in large quantities during May included 84,971,354 pounds of canned pork at an F.O.B. cost of $32,451,453; 72,132,140 pounds of lard at $10,046,700; 58,898,166 pounds of cured pork at $11,373,288; 38,171,016 pounds of cheese at $8,450,439; 54,707,000 pounds of dry beans at $2,466,609; 41,833,260 pounds of dry skim milk at $5,216,942; 27,360,690 pounds of dried eggs at $28,394,693; 24,522,511 pounds of salad oil at $3,370,236; 13,682,800 pounds of rice at $952,372; 17,222,738 pounds of frozen pork loins at $4,766,968 and 11,738,700 pounds of granulated sugar at $550,830.
>
> Other important purchases included edible tallow, hops, pearl barley, rolled barley, canned ration, table salt, cube sugar, onions, laundry soap, dehydrated soup and gum rosin.
>
> Commodities purchased in May for the first time included dry yeast, dry soup concentrate, tea, granulated cube sugar, canned condensed vegetable soup, canned condensed tomato soup, soy sauce, poppy seed, nutmeg, ginger, baking soda, salami, frozen pork trimmings, canned tomato juice, sauerkraut, nectarines, roasted barley cereal, rye flour, dried whey, linseed oil cake, bay leaves, cinnamon, coriander, cumin and allspice.

Steel Demand Constantly Growing—Production At 98% Of Capacity—Only War Needs On Books

"Bad news regarding the rate of ship sinkings in the Atlantic is offset to a degree by the fact that the transportation bottleneck to Great Britain has been at least temporarily broken in respect to steel shipments," says "The Iron Age" in its issue of June 25, further adding: "Several hundred thousand tons of steel held at tidewater points some weeks ago has now been delivered. While the piling up of steel on the docks has been checked, the demand for steel and other lend-lease materials is constantly growing. Pledges by the United States of still more aid plus our own requirements are placing a newer, higher goal before the mills each time one objective is reached.

"Lend-lease aid involving steel products such as ingots and semi-finished items during the next 90 days will go far beyond what a few months ago was considered "all-out" assistance. Such aid is already having repercussions in the scrap market, on domestic steel orders and, within the next few months, is likely to affect steel profits and bear on steel prices.

"Scrap shortages in some areas are becoming severe and are holding ingot production below the 100% mark. Lack of open-hearth scrap at one plant in the Chicago area forced the shutting down of two furnaces. The length of the shutdown will depend largely on how quickly the WPB can arrange for a substantial allocation. However, such an allocation, unless drawn from some remote area, will cut the supply for some other plants. The strike that curtailed production at a Lukens Steel Co. plant has been called off, and melting has been resumed."

The American Iron and Steel Institute on June 22 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 98.0% of capacity for the week beginning June 22, compared with 98.3% one week ago, 99.6% one month ago and 99.9% one year ago. This represents a decrease of 0.3 points, or 0.3% from the preceding week. The operating rate for the week beginning June 22 is equivalent to 1,664,600 tons of steel ingots and castings, compared to 1,669,700 tons one week ago, 1,691,800 tons one month ago, and 1,612,300 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on June 22 stated in part:

"While specifications for steel continue heavy, new orders are relatively light, though some steelmakers note an increase from earlier in June. Much tonnage now going through is against orders placed in the spring, mainly large tonnages. Allocations and special directives are still forcing back tonnage on books to an extent that possible delivery is too indefinite to warrant further interest by the buyer. This tonnage is in the lower brackets although some bear ratings which appeared high as late as a month ago. It is apparent that most cancellations have been made.

"Due to this weeding out of orders not having a chance of delivery under war conditions, tonnage now being produced is nearly all for war needs, with a small quantity for most essential civilian requirements. There is a growing disposition to limit mill commitments as much as possible.

"Some mills have orders scheduled for delivery months ahead and in certain alloy steels can not promise delivery even tentatively before 20 to 25 weeks. In some products, due to the nature of the work for which they are required, tonnage is on schedule running well into next year.

"Some mills which have been able to make deliveries only on A-1-a rating for several weeks past now find directives and allocations so numerous they are unable to meet all these requirements.

"Friday, June 19, marked the end of manufacture of parts for more than 400 civilian articles banned in order M-126. Last date for receiving material for their manufacture was May 20. A further period of 45 days, until Aug. 3, is allowed for assembly of parts produced before June 19. Articles completely assembled by Aug. 3 may be sold at any time thereafter. Manufacturers of the articles mentioned in this order must cease all manufacturing except where they have converted their facilities to war production. Inventories of raw materials which may be left on hand are under strict regulation and can be disposed of only in accordance with the order.

"For the fifth week steel production remained at 99% of capacity, paralleling the rate in June last year, but representing a much larger tonnage, as capacity is greater. Scrap shortage has practically faded from the picture as a deterrent, supply in most cases being sufficient, and necessity for open hearth repairs now is the limiting factor.

"Office of Price Administration has amended the schedule of prices on steel and iron scrap to remove some inequalities. Several new grades are established at differentials above and below No. 1 steel, a flat price on No. 1 steel at New York and Brooklyn is established and definite switching charge deductions are set up for a number of shipping points. The main price structure is not altered.

"Consumption of Lake Superior iron ore in United States stacks in May set an all-time record at 7,015,408 gross tons, compared with 6,806,529 tons in April. Cumulative consumption for the year to June 1 was 33,904,490 tons, compared with 29,831,003 tons in the same months last year."

From Washington

(Continued from First Page)

to former Governor Stark in the 1940 Senatorial campaign. But Truman is not a man to be opposing the tide and he usually tags along with the New Dealers, though it is doubtful if he fully perceives—that he, in fact, gives serious thought to—the implications of his committee's work. It is simply an activity that brings him publicity.

Several months ago he promised Donald Nelson in writing that he would let the latter's Dollar-a-Year men alone. The committee's recent report was particularly amateurish. It was based on the wholly erroneous impression that conversion of industry is of itself a goal to be attained, whether it relates to war production or not. See an industry out there—convert it. The War Production Board is charged, of course, with balancing war production with the domestic economy in the realization that the home front is just as important as the fighting fronts.

By way of emphasizing its amateurishness, the committee's report came at a time when the conversion program has just about been completed and the trend in WPB is now in the other direction.

Fulton has no radical background, he is a middle-aged lawyer. But his business is to investigate and he and his corps of aides are out to do a good job in this respect. The Senators who are held responsible for the committee's work ought to be able to interpret the findings.

Anyway, it's a situation which some Senators think must be dealt with. Because the army of investigators, amateurs and professional, have been running rampant over the headlines in recent years under the guise of Congressional committees.

Of all the activities of men none brews more bitterness than the great game of politics. Woodrow Wilson's refusal to name Jim Reed's choice for postmaster at Kansas City led to the latter's bitterness against the first World War President and his relentless efforts to wreck Wilson's world-wide ambitions.

The bitterest feeling of the current scene is probably that held by former Governor Murphy of New Hampshire, against Senator Styles Bridges. So far as can be ascertained it is based mostly on the fact that Bridges has been politically more successful. A year or so ago, Murphy, a multi-millionaire shoe manufacturer, bought a powerful New England radio station with the avowed purpose of defeating Bridges for reelection this year. Just recently the former Governor foreswore his allegiance to the Republican Party and made known that he would probably be a Democratic candidate against Bridges and his friends make no bones about the fact that he is willing to spend as much as a million dollars in the effort.

Murphy gave the so-called isolationist streak of the Republican Party as his reason for switching. But Bridges has been outstanding in his support of the President's foreign policies, long before Pearl Harbor. And he has been one of the most effective critics of his domestic policies.

In a little State like New Hampshire Murphy is expected to give him considerable trouble, although a recent poll showed Bridges would win handily.

Murphy was down here for a while as a Dollar-a-Year man connected with the Army purchase of shoes, but so much criticism was aroused among his fellow shoe manufacturers that he retired.

The Senate Finance Committee now hopes to have the tax bill definitely out of the way early in October. There is no more thought of postponing its passage until after the elections. The sales tax seems to be definitely out.

House Group Works To Relieve Corporate Tax

(Continued from First Page)

porations to buy their own outstanding securities below par, without the difference between the purchasing price and par being treated as income. This provision was sought particularly by railroads.

The "directives" voted by the committee are standards to be laid down for the Board of Tax Appeals in considering extraordinary cases not covered by the existing average earnings method of computing the excess profits base credit, or by the invested capital method.

Reporting the Committee's action on June 22, the New York "Herald Tribune" had the following to say in its account from its Washington bureau on that date:

"In the complicated plan adopted, five general or standard relief provisions were approved for the guidance of the Court of Tax Appeals in assessing the amount of excess-profits taxes to be paid by companies. If these concerns could show that they were entitled to relief under one or another of these provisions, the amount of excess-profits taxes they would have to pay would be only 67% as against the 94% rate written into the bill some days ago. The 67% figure was arrived at by splitting the difference between the 94% excess-profits tax and the 40% normal surtax.

The committee adopted this plan as a substitute for various proposals that have been suggested to provide relief in the form of ear-marking a certain percentage of excess-profits tax payments to be returned to corporations after the war for rehabilitation and reconstruction. Donald M. Nelson, Chairman of the War Production Board, sent a letter to the committee last week warning that a flat 94% excess-profits tax was likely to hamper the war production program.

The five general or standard provisions under which corporations can apply for relief as adopted by the committee were outlined as follows:

1. When base net income is abnormally low.

2. Where the excess-profits credit based on income computed according to average earnings is inadequate to grant relief, or in case of a company which was not in existence on Jan. 1, 1940, or which resulted from a merger, consolidation or reorganization completed after that date but prior to Jan. 1, 1942, if the excess-profits credit based on invested capital is an inadequate basis for the computation of excess profits.

3. Where the business of a corporation is of a class in which the capital is not an important income-producing factor.

4. Where the invested capital of the corporation is abnormally low and furnishes inadequate basis for the computation of excess profits.

5. If the business of the corporation has shown a marked diminution of production during the base period.

The three special provisions tentatively approved provide for relief:

1. Where there is interruption or diminution of production or operations immediately prior to or during the base period.

2. Where the base period income is depressed by reason of temporary economic circumstances.

3. Where the base period income is depressed by means of circumstances prevailing in the industry.

The base period referred to in those rules is the period of four years taken to determine average earnings on which the excess-profits tax is computed.

A committee expert explained that the special relief provision regarding interruption or diminution of production was similar to an existing law and took labor strikes into account.

On June 17 the House Committee decided tentatively to tax pari-mutuel wagering, freight and express transportation and coin-operated amusement devices and to raise the postage rates on newspapers and periodicals. On the same date Chairman Donald M. Nelson of the War Production Board proposed that the committee reopen the corporation tax phase of the bill and lower the top excess profits tax rate from 94% to 80% to leave an incentive for efficiency in production of war and civilian necessities. The Associated Press further reported the committee announced these actions:

1. A tax of 5% on transportation of freight and express by common carriers by land, water or air, similar to the World War tax of 1917-18. Estimated yield, $300,000,000.

2. An increase in the second-class postal rates for newspapers and periodicals enough to cancel the annual $78,000,000 deficit incurred by the Postoffice Department in transporting them at present rates.

3. A tax of 5% on all pari-mutuel wagers. Estimated yield, $25,000,000.

4. Extension to all coin-operated amusement and gaming devices of the $10 a year tax now imposed on certain gambling devices. Estimated yield, $5,000,000.

Chairman Doughton said that the newspaper and periodical rates would be raised "enough to pay the cost of the service," and Rep. Cooper (D., Tenn.) added that the present exemption for county free delivery would be retained.

Members did not explain details of this proposal but one of the committee's experts said, "It simply means that the present second-class rates will be raised enough to make up the $78,000,000."

Mr. Nelson took a position identical with that of Secretary Morgenthau, who told the committee three months ago that the topmost excess profits tax rates might leave "little incentive for the maintenance of efficiency in business operation."

The committee's own experts, headed by Colin F. Stam, have argued that unless a post-war credit be granted, "a 94% rate will seriously hamper the war effort, stimulate inefficiency on the part of the corporation and tend toward inflation."

The committee deferred action primarily because it has not acted finally on other corporation rates. It has agreed tentatively to raise the present combined normal and surtax rates on corporations from 31 to 40% and substituted the 94% excess profits tax for the present graduated scale of from 35 to 60%. The Treasury asked rates ranging from 50 to 75%.

On June 20 the Committee consented to a "pay-as-you-earn" income tax collection plan advanced by the Treasury, and killed, for the present, proposals for a general Federal sales tax.

As to this the United Press (Washington advices) had the following to say on June 20:

The committee decision on the sales tax meant that for a while at least the average American will not have to reckon with the Federal tax collector every time he pays his grocery bill or buys a new pair of shoes. The sales tax was rejected by a vote of 13 to 8, with two proxies recorded.

Chairman Robert L. Doughton's announcement that the sales tax had been killed nevertheless left the way open for future consideration of this tax if the revenue is needed.

"The committee voted not to consider a general sales or consumption tax as part of this bill," Mr. Doughton said.

The pay-as-you-earn tax collection plan, or withholding tax, which would go into effect next Jan. 1 if the proposal is finally adopted by Congress in its present form, was adopted by the narrow margin of 10 to 9.

Under the plan, 10% of a wage-earner's taxable income will be collected at the source—from his pay envelope or check—by his employer over a period of a year. The deductions will be made each pay day. Exactly one-half will be credited against the tax on 1942 income and the other half will go toward payment of taxes on 1943 income.

A reference to the Committee's action on the bill appeared in our June 18 issue, page 2306. The bill is expected to be brought before the House on July 6.

Canada And Russia Agree To Exchange Diplomats

An agreement between Canada and the Soviet Union providing for direct diplomatic relations and the exchange of Ministers was signed in London on June 12. United Press accounts from London on that date report that the agreement, not subject to ratification, came into force when the Dominion's High Commissioner to the United Kingdom, Vincent Massey, and the Russian Ambassador, Ivan Maisky, had signed it in a brief ceremony.

Engineering Construction For Week Lower

Engineering construction volume for the week totals $155,670,000, a decrease of 59% from the preceding week, and 10% under the total for the corresponding 1941 week as reported by "Engineering News-Record" on June 18. Public construction, which accounts for 93% of the total, is 61% below last week, and 7% below last year. Private work tops the preceding week's volume by 91%, but is 40% lower than a year ago.

The current week's construction brings 1942 volume to $4,746,455,000, an increase of 76% over the total for the 25-week period last year. Private work, $333,688,000 is 54% lower than in the period a year ago, but public construction, $4,412,767,000, is 123% higher as a result of the 207% gain in Federal work.

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

	June 19, 1941	June 11, 1942	June 18, 1942
Total Construction	$173,306,000	$379,458,000	$155,670,000
Private Construction	18,621,000	5,869,000	11,207,000
Public Construction	154,685,000	373,589,000	144,463,000
State and Municipal	26,375,000	10,962,000	8,231,000
Federal	128,310,000	362,627,000	136,232,000

In the classified construction groups, gains over last week are in waterworks, industrial buildings, earthwork and drainage, and unclassified construction. Increases over the 1941-week totals are in waterworks, industrial buildings, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $4,262,000; sewerage $1,134,000; bridges, $1,030,000; industrial buildings, $6,423,000; public buildings, $98,113,000; commercial building and large-scale private housing, $2,454,000; earthwork and drainage, $1,727,000; streets and roads, $10,254,000; and unclassified construction, $30,273,000.

New capital for construction purposes for the week totals $1,795,000. This compares with $23,150,000 for the week in 1941. The current week's financing is made up of $1,720,000 in state and municipal bond sales, and $75,000 in corporate security issues.

New construction financing for the year to date, $6,872,345,000, is 106% higher than the $3,328,718,000 reported for the corresponding 1941 period.

Non-Ferrous Metals—Production Requirements Plan Needs Clarification—Copper Output Up

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 18, stated: "Interest in non-ferrous metals centered in the Production Requirements Plan that becomes effective July 1. Lead producers and consumers were confused about the meaning of the regulations, because the industry up to the present time has been comparatively free from allocation directives. Under PRP, some contend, distribution control may be imposed by the Government. Production of copper is increasing, output of crude in May reaching a new high for the movement. Ferro alloy prices were reaffirmed for the third quarter. Cobalt ore was raised 10% by the Canadian authorities. The publication further went on to say in part:

Copper

Refinery capacity was discussed early last week by representatives of the industry and Government officials. Capacity has been raised quietly in several directions and most observers feel that careful handling of the entire problem should result in an uninterrupted flow of refined metal from the enlarged output of blister now in sight. The price situation in domestic and foreign copper was unchanged.

Output of copper by Chile, Peru, and Mexico during May totaled 53,950 tons, which compares with 51,312 tons in the month previous. Production in these countries for the first five months of 1942 amounted to 269,465 tons, against 246,541 tons in the January-May period of 1941.

The Copper Recovery Corp. reports that many inventory forms are being received improperly filled out, necessitating their return and causing additional detail work. Questionnaires covering frozen stocks and excessive inventories are still being mailed to fabricators and consumers by the War Production Board. More care in filling out the forms is urged to speed the movement of "frozen" copper and copper alloys for the war effort.

Lead

Producers have been selling July lead more freely, with the result that the sales for the last week again were large. Whether lead will receive special consideration under PRP, because of a fairly comfortable supply situation, is not clear at present. Under the plan now in force lead is almost free from priority regulations. Quotations for common lead continued at 6.50c, New York, and at 6.35c, St. Louis.

Zinc

There was talk in the industry of a new zinc conservation order. The position of High Grade, because of lend-lease demands, is described as tight, notwithstanding a steady upward trend in output.

Quicksilver

The price situation in quicksilver was unchanged last week. On quantity business there were sellers in New York at $192.50 plus commission, which brings the price up to $194.43 per flask of 76 pounds. Metals Reserve's bid of $192 for surplus quicksilver has been supporting the price structure. Statistics are no longer available, creating confusion on the status of the industry and nervousness among both consumers and producers.

Tin

Restrictions on use of tin are cutting deeply into consumption. The market situation in the metal remains unchanged. Some in the trade believe that the 52c basis for Straits quality tin will be maintained even though the Government may be forced to pay a higher price for Bolivian tin concentrate.

Straits quality tin for future delivery was nominally as follows:

	June	July	Aug.
June 11	52,000	52.000	52.000
June 12	52,000	52.000	52.000
June 13	52.000	52.000	52.000
June 15	52.000	52.000	52.000
June 16	52.000	52.000	52.000
June 17	52.000	52.000	52.000

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

Silver

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

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 rate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
June 23	118.23	106.39	116.22	112.93	107.62	91.05	95.47	110.88	113.89
22	118.29	106.39	116.41	112.93	107.62	91.05	95.47	110.88	113.89
20	118.34	106.39	116.22	112.93	107.44	91.19	95.47	110.88	113.89
19	118.33	106.39	116.22	112.93	107.62	91.19	95.47	110.88	113.89
18	118.35	106.39	116.22	112.93	107.62	91.34	95.62	110.88	113.70
17	118.38	106.39	116.22	112.93	107.62	91.19	95.62	110.88	113.50
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	95.47	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 23, 1941	119.09	107.44	118.00	114.66	107.80	91.77	97.00	111.62	114.46
2 Years ago June 22, 1940	115.49	101.64	115.24	111.81	101.80	82.52	89.09	107.98	109.79

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

1942— Daily Average	Avge. Corporate rate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
June 23	3.37	2.84	3.01	3.30	4.34	4.04	3.12	2.96
22	3.37	2.83	3.01	3.30	4.34	4.04	3.12	2.96
20	3.37	2.84	3.01	3.31	4.33	4.04	3.12	2.96
19	3.37	2.84	3.01	3.30	4.33	4.04	3.12	2.96
18	3.37	2.84	3.01	3.30	4.32	4.03	3.12	2.97
17	3.37	2.84	3.01	3.30	4.33	4.03	3.12	2.98
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	4.04	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 23, 1941	3.31	2.75	2.92	3.29	4.29	3.94	3.08	2.93
2 Years ago June 22, 1940	3.65	2.89	3.07	3.64	4.98	4.48	3.28	3.18

* 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.

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
11	11.775	11.700	52.000	6.50	6.35	8.25
12	11.775	11.700	52.000	6.50	6.35	8.25
13	11,775	11.700	52,000	6.50	6.35	8.25
15	11.775	11.700	52.000	6.50	6.35	8.25
16	11.775	11.700	52.000	6.50	6.35	8.25
17	11.775	11,700	52.000	6.50	6.35	8.25
Avenage	11.775	11.700	52.000	6.50	6.35	8.25

Average prices for calendar week ended June 13 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).

Net Profits Held Down By Taxation In 1941

The marked increase in the volume of business transacted by American industry in 1941, as a result of the greatly accelerated defense and war production, did not produce a corresponding increase in net profits, contrary to popular belief, according to a survey made by the American Federation of Investors, Inc.

A survey of 63 representative corporations, according to the corporation, reveals that, while net sales or operating revenue rose 30% in 1941 over 1940, net profits of these companies (after taxes) increased only 11% in 1941 over the previous year. Under date of June 15, the Federation also has the following to say:

Taxes for 1941 (Federal, State and local) increased 80% over 1940, amounting to 58% of net income (before taxes) and 139% of net income (after taxes).

The 63 companies listed in the Federation's study represent a fair cross-section of American industry, including manufacturing of all types, steel and aviation plants, food and consumer goods distribution, public utilities, petroleum products, and railroads. These corporations are owned by 4,500,000 shareholders, and in December, 1941, employed more than 3,000,000 workers, an increase of over 500,000 during the year. Gross assets of these companies aggregate more than $36,500,000,000.

Total taxes of these 63 companies for 1941 amounted to $2,370,000,000, compared with $1,324,000,000 in 1940. Net income (after taxes) in 1941 aggregated $1,703,000,000, compared with $1,531,000,000 in 1940. In other words, total taxes increased $1,046,000,000 for 1941, while net income (after taxes) increased only $172,000,000. Yet net sales for the same period showed an increase of $4,875,000,000.

Charles Mullenix To Head Mortgage Bankers

Charles A. Mullenix of Cleveland will be the next President of the Mortgage Bankers Association of America succeeding Frederick P. Champ of Logan, Utah, it was announced in Chicago on June 20 by Dean R. Hill, Chairman of the organization's nominating committee, at the regular Spring meeting of the MBA board of governors. Nomination, through official channels, is tantamount to election at the Association's 29th annual convention in Chicago, Sept. 30 and Oct. 1 and 2.

Mr. Mullenix is President of The Cuyahoga Estates Company, was the first President of the Mortgage Bankers Association of Cleveland and is a former President of the National Association of Apartment House Owners. He is a member of the Cleveland Real Estate Board, Appraisal Institute of the National Association of Real Estate Boards, a trustee and former President of the Apartment House Owners Association of Cleveland and was a governor of the Ohio Real Estate Association for three years.

Moody's Daily Commodity Index

Tuesday, June 16	228.4
Wednesday, June 17	229.7
Thursday, June 18	229.2
Friday, June 19	229.1
Saturday, June 20	229.6
Monday, June 22	229.6
Tuesday, June 23	229.6
Two weeks ago, June 9	227.8
Month ago, May 23	231.8
Year ago, June 23	202.7
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

Condition Of National Banks

The statement of condition of the National banks under the Comptroller's call of April 4, 1942, has just been issued and is summarized below. For purposes of comparison, like details for previous calls back to and including June 30, 1941, are included.

CONDITION OF NATIONAL BANKS IN THE UNITED STATES ON JUNE 30, SEPT. 24 AND DEC. 31, 1941 AND APRIL 4, 1942
[In thousands of dollars]

	June 30, 1941 (5,136 banks)	Sept. 24, 1941 (5,131 banks)	Dec. 31, 1941 (5,123 banks)	Apr. 4, 1942 (5,115 banks)
ASSETS	$	$	$	$
Loans and discounts, including overdrafts	10,922,483	11,470,256	11,751,792	11,569,311
U. S. Government securities, direct obligations	8,856,499	8,593,247	9,786,743	10,665,769
Obligations guaranteed by U. S. Government	2,279,453	2,534,541	2,286,309	2,116,310
Obligations of States and political subdivisions	2,020,242	2,068,091	2,024,715	2,082,182
Other bonds, notes, and debentures	1,590,191	1,606,133	1,588,006	1,563,719
Corporate stocks, including stock of Federal Reserve banks	208,409	203,946	201,735	197,688
Total loans and investments	*25,877,277*	*26,476,214*	*27,639,300*	*28,194,979*
Cash, balances with other banks including reserve balances, and cash items in process of collection	14,521,658	15,142,138	15,001,930	14,410,735
Bank premises owned, furniture and fixtures	592,897	591,544	590,579	591,922
Real estate owned other than bank premises	96,568	91,620	81,697	76,910
Investments and other assets indirectly representing bank premises or other real estate	61,764	60,629	54,036	53,445
Customers' liability on acceptances outstanding	49,977	39,492	40,139	34,950
Interest, commissions, rent, and other income earned or accrued but not collected	61,469	65,759	64,346	74,141
Other assets	53,025	53,710	66,207	59,455
Total assets	41,314,635	42,521,106	43,538,234	43,496,537
LIABILITIES				
Demand deposits of individuals, partnerships, and corporations	19,194,051	19,944,103	20,480,952	20,287,746
Time deposits of individuals, partnerships, and corporations	8,042,313	8,044,337	7,964,912	7,721,120
Deposits of U. S. Government, including postal savings	540,937	603,581	1,142,734	1,493,858
Deposits of States and political subdivisions	2,529,179	2,578,267	2,590,940	2,735,059
Deposits of banks	6,591,645	6,957,718	6,789,685	6,843,042
Other deposits (certified and cashiers' checks, etc.)	453,178	410,314	585,549	396,668
Total deposits	37,351,303	38,532,830	39,554,772	39,477,493
Demand deposits	*28,836,324*	*30,041,996*	*31,103,009*	*31,309,194*
Time deposits	*8,514,979*	*8,496,324*	*8,451,763*	*8,168,299*
Bills payable, rediscounts, and other liabilities for borrowed money	2,005	9,275	3,778	12,270
Mortgages or other liens on bank premises and other real estate	59	59	67	99
Acceptances executed by or for account of reporting banks and outstanding	59,379	45,931	47,558	41,277
Interest, discount, rent, and other income collected but not earned	55,644	59,998	52,613	48,508
Interest, taxes, and other expenses accrued and unpaid	56,215	68,168	62,570	74,779
Other liabilities	191,889	171,034	167,777	169,529
Total liabilities	37,716,494	38,892,785	39,889,135	39,823,955
CAPITAL ACCOUNTS				
Capital stock (see memoranda below)	1,523,383	1,514,706	1,515,794	1,511,895
Surplus	1,336,090	1,350,710	1,388,672	1,396,118
Undivided profits	498,376	521,283	499,081	515,127
Reserves (see memoranda below)	240,292	241,622	245,552	249,442
Total capital accounts	3,598,141	3,628,321	3,649,099	3,672,582
Total liabilities and capital accounts	41,314,635	42,521,106	43,538,234	43,496,537
MEMORANDA				
Par value of capital stock:				
Class A preferred stock	171,260	159,527	155,547	147,254
Class B preferred stock	13,181	13,098	12,983	12,745
Common stock	1,340,705	1,343,743	1,348,834	1,353,386
Total	1,525,146	1,516,368	1,517,364	1,513,385
Retirable value of preferred capital stock:				
Class A preferred stock	219,908	207,724	202,908	191,862
Class B preferred stock	15,129	15,046	b14,948	14,693
Total	235,037	222,770	b217,856	206,555
Reserves:				
Reserve for dividends payable in common stock	6,667		6,187	
Reserve for other undeclared dividends	8,494	241,622	8,155	249,442
Retirement account for preferred stock	20,503		19,312	
Reserves for contingencies, etc	204,628		211,898	
Total	240,292	241,622	245,552	249,442
Pledged assets and securities loaned:				
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities	2,673,112	2,787,388	3,374,484	3,801,844
Other assets pledged to secure deposits & other liabilities, including notes and bills rediscounted and securities sold under repurchase agreement	601,405	580,382	635,813	595,492
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities	100,882	101,866	94,481	94,116
Securities loaned	19,344	27,152	17,518	23,733
Total	3,394,743	3,496,788	4,122,296	4,515,185
Secured liabilities:				
Deposits secured by pledged assets pursuant to requirements of law	2,746,217	2,802,808	3,462,951	3,840,459
Borrowings secured by pledged assets, including rediscounts and repurchase agreements	1,984	8,613	3,096	10,006
Other liabilities secured by pledged assets	521	549	612	424
Total	2,748,722	2,811,970	3,466,659	3,850,889
Details of demand deposits:				
Deposits of individuals, partnerships, and corporations	19.194,051	19,994,103	20,480,952	20,287,746
Deposits of United States Government	498,900	566,645	1,105,403	1,457,768
Deposits of States and political subdivisions	2,200,817	2,267,161	2,240,083	2,409,675
Deposits of banks in the United States (including private banks and American branches of foreign banks)	6,151,745		6,359,909	
Deposits of banks in foreign countries (including balances of foreign branches of other American banks but excluding amounts due to own foreign branches)	337,633	6,853,773	331,113	6,757,337
Certified and cashiers' checks (including dividend checks), letters of credit and travelers' checks sold for cash, and amounts due to Federal Reserve banks (transit account)	453,178	410,314	585,549	396,668
Total demand deposits	28,836,324	30,041,996	31,103,009	31,309,194
Details of time deposits:				
Deposits of individuals, partnerships, and corporations:				
Savings deposits	7,152,681		7,211,689	
Certificates of deposit	504,332		468,195	
Deposits accumulated for payment of personal loans	55,138		64,442	
Christmas savings and similar accounts	91,237	8,044,337	20.340	7,721,120
Open accounts	238,925		200,246	
Total	8,042,313	8,044,337	*7,964,912*	*7,721,120*
Postal-savings deposits b	42,037	36,936	37,331	36,090
Deposits of States and political subdivisions	328,362	311,106	350,857	325,384
Deposits of banks in the United States (including private banks and American branches of foreign banks)	96,944		93,350	
Deposits of banks in foreign countries (including balances of foreign branches of other American banks but excluding amounts due to own foreign branches)	5,323	103,945	5,313	85,705
Total time deposits	8,514,979	8,496,324	8,451,763	8,168,299
Ratio of required reserves to net demand plus time deposits:				
Total, Central Reserve city banks	21.57%	26.60%	24.72%	24.83%
Total, Reserve city banks	14.10%	14.29%	16.48%	16.69%
Total, Country banks	8.45%	8.58%	10.36%	10.46%
Total, all member National banks	14.88%	14.93%	17.08%	17.32%

b Includes United States Treasurer's time deposits—open accounts.

Note.—Beginning with the call as of Oct. 2, 1939, and continuing with each subsequent spring and autumn call a "short" form, eliminating schedules of loans and investments, etc., was adopted for obtaining condition reports of national banks.

Daily Average Crude Oil Production For Week Ended June 13, 1942 Increased 98,850 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended June 13, 1942, was 3,700,350 barrels, an increase of 98,850 barrels over the preceding week, and 64,050 barrels in excess of the daily average for the month of June, 1942, as recommended by the Office of Petroleum Coordinator. The current figure, however, was 122,400 barrels below the daily average for the week ended June 14, 1941. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000-barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,478,000 barrels of crude oil daily during the week ended June 13, 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, 91,994,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,389,000 barrels during the week ended June 13, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations June	*State Allowables Beginning June 1	—Actual Production— Week Ended June 13 1942	Change From Previous Week	4 Weeks Ended June 13 1942	Week Ended June 14 1941
Oklahoma	436,600	436,600	†375,650	— 4,550	381,350	415,700
Kansas	281,900	281,900	†279,750	+ 61,450	252,700	218,550
Nebraska	4,100	------	†3,650	— 300	3,900	4,600
Panhandle Texas			87,300	+ 300	90,100	74,300
North Texas			149,400	— 100	150,100	129,500
West Texas			204,800	— 2,300	194,650	261,900
East Central Texas			87,600	+ 9,000	88,350	79,650
East Texas			362,600	— 6,050	399,200	373,400
Southwest Texas			130,850	— 12,050	138,250	210,900
Coastal Texas			243,950	+ 2,150	263,150	276,350
Total Texas	1,068,600	‡1,351,667	1,266,500	— 9.050	1,323,800	1.406,000
North Louisiana			88,600	+ 1,450	87,050	74,150
Coastal Louisiana			220,050	+ 4,300	215,800	248,250
Total Louisiana	311,300	334,300	308,650	+ 5,750	302,850	322,400
Arkansas	75,300	75,300	73,700	+ 500	72,600	72,600
Mississippi	49,200		†85,150	+ 900	84,250	25,200
Illinois	320,800		277,350	— 16,300	288,950	337,600
Indiana	18,900		†20,000	— 2,200	21,350	21,050
Eastern (not incl. Ill. & Ind.)	106,800		98,450	+ 2,400	98,450	90,450
Michigan	63,100		69,800	+ 4,300	65,450	38,050
Wyoming	96,200		90,200	— 3,600	93,100	84,350
Montana	23,400		21,750	— 50	21,750	19,200
Colorado	7,600		6,400	— 500	6,600	3,950
New Mexico	80,600	80,600	54,550	----	54,500	113,050
Total East of Calif.	2,944,400		3,031,550	+ 38,750	3,071,600	3,172,750
California	691,900	§691,900	668,800	+ 60,100	622,950	650,000
Total United States	3,636,300		3,700,350	+ 98,850	3,694,550	3,822,750

*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 10.

‡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 13, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis (columns from Crude Runs to Stills onward)

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,556	65.3	4,656	42,786	14,825	16,967
Appalachian	174	84.5	153	87.9	429	3,063	462	540
Ind., Ill., Ky.	784	84.9	695	88.6	2,270	18,242	3,079	3,158
Okla., Kansas, Mo.	418	81.1	336	80.4	1,194	8,456	1,131	1,623
Rocky Mountain	138	50.7	98	71.0	302	2,511	334	570
California	787	90.9	640	81.3	1,538	16,936	11,445	55,901
Tot. U. S. B. of M. basis June 13, 1942	4,684	86.9	3,478	74.3	10,389	†91,994	31,276	78,759
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
U. S. Bur. of Mines basis June 14, 1941			3,782	----	12,602	91,431	27,019	91,700

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

†Finished 84,494,000 bbls.; unfinished 7,500,000 bbls. ‡At refineries, at bulk terminals, in transit and in pipe lines.

May War Bond Sales Exceed Quota By 5.7%

The Treasury Department on June 8 announced that the national sales of War Savings Bonds for the month of May totaled $634,356,000 or 5.7% above the $600,000,000 quota.

The best showing was made by Hawaii with sales of $5,985,000 which were 603.3% above its quota of $992,000. Alaska was second with 248.5%, representing sales of $492,000 and a quota of $294,000.

Of the States, Utah and Iowa exceeded their quotas by the greatest amount, 71.3% and 54.1%, respectively. Utah sold $2,057,000 worth, against a quota of $1,201,000, while Iowa had sales of $13,870,000, compared with a $9,000,000 quota.

According to the breakdown by States, New York's sales of $106,671,000, while the largest, were 14.7% below its quota of $125,000,000. The other States failing to meet their quotas were Delaware, Maryland, Massachusetts, Montana, New Jersey, Pennsylvania, Rhode Island, West Virginia and Wyoming. The District of Columbia also failed to meet its quota.

Preliminary reference to May sales appeared in our June 4 issue, page 2108.

Federal Reserve May Business Indexes

The Board of Governors of the Federal Reserve System issued on June 19 its monthly indexes of industries production, factory employment and payrolls, etc. At the same time the Board issued its customary summary of business conditions. The indexes for May, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

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

	Adjusted for —Seasonal Variation— May 1942	April 1942	May 1941	Without —Seasonal Adjustment— May 1942	April 1942	May 1941
Industrial production—						
Total	†176	173	154	†177	171	155
Manufactures—						
Total	†184	181	160	†185	180	160
Durable	†239	232	190	†241	232	192
Nondurable	†139	139	135	†139	138	134
Minerals	†131	130	125	†133	125	127
Construction contracts, value—						
Total	†121	128	101	†146	145	121
Residential	†70	82	88	†83	96	104
All other	†163	165	111	†198	185	136
Factory employment—						
Total	*	135.4	124.9	*	136.1	124.9
Durable goods	*	148.1	129.5	*	149.8	131.3
Nondurable goods	*	123.3	120.5	*	123.0	118.8
Factory payrolls—						
Total	---	---	---	*	186.6	144.1
Durable goods	---	---	---	*	223.9	163.1
Nondurable goods	---	---	---	*	144.9	122.9
Freight-car loadings	143	143	135	138	136	131
Department store sales, value	†107	117	105	†107	115	105
Department store stocks, value	*	117	74	*	121	76

*Data not yet available. †Preliminary or estimated.

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

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

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

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for —Seasonal Variation— May 1942	April 1942	May 1941	Without —Seasonal Adjustment— May 1942	April 1942	May 1941
Manufactures—						
Iron and steel	*	*	183	*	*	183
Pig iron	*	*	175	*	*	175
Steel	218	217	195	218	217	195
Open hearth & Bessemer	180	179	174	180	179	174
Electric	484	483	347	484	483	347
Machinery	†278	268	206	†278	268	206
Transportation equipment	†372	346	228	†372	346	229
Non-ferrous metals & products	†187	182	189	†188	183	191
Copper smelting	†162	155	144	†162	155	144
Zinc smelting	184	185	170	184	185	170
Copper deliveries	†205	195	233	†205	195	233
Zinc shipments	146	145	144	146	145	144
Lumber and products	†135	133	132	†137	132	134
Lumber	†127	127	122	†134	127	130
Furniture	†151	146	152	†142	142	143
Stone, clay, & glass products	†153	153	143	†174	153	161
Cement	*	161	134	*	161	163
Polished plate glass	35	43	142	35	43	142
Textiles and products	†156	157	157	†156	157	157
Cotton consumption	175	177	165	175	177	165
Rayon deliveries	169	170	169	169	170	169
Wool textiles	*	153	165	*	153	165
Leather products	†125	126	124	†123	130	122
Tanning	*	129	119	*	130	116
Cattle hide leathers	*	146	130	*	146	127
Calf and kip leathers	*	91	99	*	90	94
Goat and kid leathers	*	115	105	*	119	103
Shoes	†123	124	128	†120	130	126
Manufactured food products	†135	136	123	†131	123	119
Wheat flour	105	98	110	96	92	100
Meat packing	†137	142	132	†138	134	132
Other manufactured foods	†137	137	122	†124	121	111
Paper and products	*	148	142	*	151	141
Paperboard	144	154	158	141	157	155
Newsprint production	104	109	114	105	109	115
Printing and publishing	†117	116	122	†120	122	126
Newsprint consumption	100	98	107	104	105	111
Petroleum and coal products	*	119	125	*	118	126
Petroleum refining	*	112	122	*	111	122
Gasoline	†99	106	124	†99	104	124
Fuel oil	*	126	119	*	123	119
Lubricating oil	*	126	118	*	131	122
Kerosene	*	106	115	*	108	115
Coke	162	162	149	162	162	149
Beehive	513	494	408	513	494	408
Byproduct	152	152	141	152	152	141
Chemicals	†169	164	136	†168	167	135
Minerals—						
Fuels	†127	126	121	†123	121	118
Bituminous coal	†173	178	147	†147	150	125
Anthracite	†105	114	80	†115	122	88
Crude petroleum	†111	107	114	†114	109	118
Metals	†156	151	152	†191	154	181
Iron ore	225	217	195	371	236	323
Copper	†177	164	159	†177	169	159
Lead	*	132	115	*	135	117

FREIGHT-CAR LOADINGS
(1935-39 average = 100)

	May 1942	April 1942	May 1941	May 1942	April 1942	May 1941
Coal	164	160	138	139	135	117
Coke	197	200	182	181	176	167
Grain	115	117	124	99	100	107
Livestock	98	101	91	89	90	82
Forest products	155	159	130	161	159	135
Ore	289	‡289	266	303	218	276
Miscellaneous	142	141	136	144	142	138
Merchandise, l.c.l.	62	80	102	62	81	102

*Data not yet available. †Preliminary or estimated. ‡Revised.

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

Dept. Of Labor Reports Wholesale Prices Continued Steady In June 13 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on June 18 that average prices for most industrial commodities in primary markets during the week ended June 13 continued steady for the fifth consecutive week since the effective date of the General Maximum Price Regulation. Agricultural markets showed further weakness. Largely as a result of declining prices for livestock, dairy products, cereal products and cattle feed, the Bureau's comprehensive index of 889 price series dropped 0.3% to the lowest level since mid-April. The general index is slightly lower than at this time last month but is 13½% above a year ago.

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 16, 1942, and June 14, 1941, and the percentage changes from a week ago, a month ago, and a year ago.

(1926=100)

Commodity Groups—	6-13 1942	6-6 1942	5-30 1942	5-16 1942	6-14 1941	Percentage changes to June 13, 1942 from— 6-6 1942	5-16 1942	6-14 1941
All Commodities	*98.4	*98.7	*98.8	*98.5	86.7	—0.3	—0.1	+13.5
Farm products	104.3	105.6	106.0	104.3	81.1	—1.2	0.0	+28.6
Foods	99.5	99.7	99.4	98.2	82.6	—0.2	+1.3	+20.5
Hides and leather products	118.9	118.8	119.0	119.8	108.4	+0.1	—0.8	+ 9.7
Textile products	97.2	97.2	97.2	97.3	83.8	0.0	—0.1	+16.0
Fuel and lighting materials	78.9	78.9	78.9	78.8	78.7	0.0	+0.1	+ 0.3
Metals and metal products	*104.9	*104.0	*104.0	*104.0	98.4	0.0	0.0	+ 5.7
Building materials	109.9	109.9	109.9	110.1	100.9	0.0	—0.2	+ 8.9
Chemicals and allied products	97.2	97.2	97.3	97.3	83.7	0.0	—0.1	+16.1
Housefurnishing goods	104.5	104.5	104.5	104.6	93.7	0.0	—0.1	+11.5
Miscellaneous commodities	89.9	90.0	90.1	90.2	80.2	—0.1	—0.3	+12.1
Raw materials	99.6	100.4	100.6	98.9	82.9	—0.8	+0.7	+20.1
Semimanufactured articles	92.8	92.7	92.7	92.8	87.3	+0.1	0.0	+ 6.3
Manufactured products	*98.8	*98.9	*99.1	*99.3	88.7	—0.1	—0.5	+11.4
All commodities other than farm products	*97.1	*97.2	*97.3	*97.2	87.9	—0.1	—0.1	+10.5
All commodities other than farm products and foods	*95.9	*95.9	*95.9	*95.9	88.8	0.0	0.0	+ 8.0

*Preliminary.

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 in the week ended June 13 is estimated at 11,290,000 net tons, indicating an increase of 110,000 tons, or 1%, over the preceding week. Output in the corresponding week of 1941 amounted to 10,150,000 tons.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended June 13 was estimated at 1,179,000 tons, an increase of 137,000 tons, or 13.1%, over the preceding week. When compared with the output in the corresponding week of 1941, however, there was a decrease of 99,000 tons (about 8%). The calendar year to date shows a gain of 13.4% when compared with the same 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 13 showed a decrease of 6,600 tons when compared with the output for the week ended June 6. The quantity of coke from beehive ovens increased 21,900 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COFT COAL, IN NET TONS, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

	—Week Ended— †June 13, 1942	June 6, 1942	June 14, 1941	—January 1 to Date— June 13, ‡1942	June 14, 1941	June 12, 1937
*Bituminous and lignite coal—						
Total, incl. min. fuel	11,290	11,180	10,150	259,749	205,000	205,839
Daily average	1,882	1,863	1,692	1,875	1,471	1,498
*Crude petroleum—						
Coal equivalent to weekly output	5,927	5,769	6,123	142,840	138,549	126,411

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal ("Minerals Yearbook," 1939, page 702). †Subject to revision. ‡Revised.

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

	—Week Ended— §June 13, 1942	June 6, 1942	June 14, 1941	—Calendar year to date— June 13, 1942	June 14, 1941	June 15, 1929
Penn. anthracite—						
*Total, incl. colliery fuel	1,179,000	1,042,000	1,278,000	26,606,000	23,463,000	32,987,000
†Commercial production	1,120,000	990,000	1,214,000	25,276,000	22,290,000	30,612,000
Beehive coke—						
United States total	170,600	148,700	158,000	3,561,800	2,640,700	3,047,300
By-product coke—						
United States total	1,187,300	1,193,900	‡	27,497,000	‡	‡

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

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons]

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

State—	—Wee Ended— June 6, 1942	May 30, 1942	June 7, 1941	June 8, 1940	June 5, 1937	June avge. ¶1923
Alaska	5	6	3	3	3	**
Alabama	834	385	338	296	229	387
Arkansas and Oklahoma	77	76	10	19	14	70
Colorado	124	134	70	65	82	175
Georgia and North Carolina	1	1	††	1	††	**
Illinois	1,190	1,117	803	702	547	1,243
Indiana	307	354	377	272	244	416
Iowa	46	38	39	43	25	88
Kansas and Missouri	163	155	77	76	74	128
Kentucky—Eastern	982	1,015	904	796	668	661
Kentucky—Western	242	255	155	86	100	183
Maryland	42	42	35	23	22	47
Michigan	58	58	42	40	37	38
Montana (bituminous and lignite)	6	4	1	2	3	12
New Mexico	29	31	20	21	24	51
North and South Dakota (lignite)	24	25	18	17	15	**14
Ohio	756	660	566	458	419	888
Pennsylvania (bituminous)	2,735	2,687	2,383	2,165	1,758	3,613
Tennessee	145	156	136	103	95	113
Texas (bituminous and lignite)	6	5	7	15	16	21
Utah	105	92	46	44	25	89
Virginia	415	436	397	318	221	240
Washington	33	28	32	26	31	44
*West Virginia—Southern	2,275	2,365	2,233	1,829	1,498	1,380
†West Virginia—Northern	894	835	787	597	467	856
Wyoming	136	130	84	79	79	104
‡Other Western States	††	††	††	††	††	**5
Total bituminous and lignite	11,180	11,090	9,563	8,096	6,696	10,866
§Pennsylvania anthracite	1,042	813	1,125	1,006	969	1,956
Total, all coal	12,222	11,903	10,688	9,102	7,665	12,822

*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.

Inter-City Bus Lines Agree With ODT Order

The comprehensive order concerning curtailment of non-essential bus service, issued by the Office of Defense Transportation on June 9, has been received with satisfaction by the nation's bus companies because many of the new rulings originally released as suggestions by the ODT have already been put into effect by inter-city bus lines, according to Arthur M. Hill, President of the National Association of Motor Bus Operators. According to Mr. Hill, the only schedules added in recent months have been those which were inaugurated for the purpose of handling war-work transportation, and to serve military camps or establishments. Mr. Hill expressed complete agreement with the new order in that it offers a tangible basis from which to plan bus service that will keep pace with the rapidly expanding war program. The announcement issued by the association also has the following to say:

The immediate effect will be the considerably further conservation of rubber through elimination of schedules which do not carry satisfactory loads, and the elimination of sightseeing and other strictly non-essential travel.

Pleasure travel has been discouraged in bus line advertising for the past three months, because of the ever-increasing volume of essential wartime travel, and because it is estimated that buses are now giving service at the rate of three-fourths of a billion passengers a year, carrying selectees, men in uniform, war workers, and other essential travelers.

During the past 60 days the major inter-city bus lines have been laying plans in anticipation of the ODT ruling, with the result that where bus companies operated competitively over the same routes, their services and facilities are being pooled.

Mr. Hill stated that special services to amusement places would have little effect upon bus line operations because such service is not a primary function of inter-city bus lines.

From the association's announcement we also quote:

The new rulings are to be made effective between July 1 and July 31. In general, they provide that: 1. Bus operators be required to cancel all limited or express service. 2. Schedules be discontinued if they do not come up to efficiency standards based on average loads. 3. Service to places of amusement be discontinued. 4. Competitive service which covers the same or closely parallel routes be pooled. 5. Present routes be frozen.

Broadens San Francisco Special Offering Plan

The Securities and Exchange Commission announced on June 5 that it had declared effective an amendment to the special offering plan of the San Francisco Stock Exchange. The announcement added:

The special offering plan as originally made effective on April 17, 1942, was restricted by the provisions of the theretofore existing exemption to Rule X-10B-2, to stocks either listed or admitted to unlisted trading privileges on the Exchange pursuant to the provisions of Section 12 (f) (2) or (3) of the Securities Exchange Act of 1934. By the amendment, made effective June 5, the special offering plan has been extended to include certain additional stocks admitted to unlisted trading privileges on the San Francisco Stock Exchange which meet the broader qualifications now contained in Rule X-10B-2 (d) (1).

Revenue Freight Car Loadings During Week Ended June 13, 1942, Totaled 832,726 Cars

Loading of revenue freight for the week ended June 13 totaled 832,726 cars, the Association of American Railroads announced on June 18. This was a decrease below the corresponding week in 1941 of 30,248 cars, or 3.5%, but an increase above the same week of 1940 of 119,805 cars, or 16.8%.

Loading of revenue freight for the week of June 13 decreased 21,963 cars, or 2.6% below the preceding week.

Miscellaneous freight loading totaled 377,207 cars, a decrease of 8,149 cars below the preceding week, but an increase of 8,581 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 94,556 cars, a decrease of 3,031 cars below the preceding week, and a decrease of 65,041 cars below the corresponding week in 1941.

Coal loading amounted to 166,341 cars, an increase of 2,607 cars above the preceding week, and an increase of 7,720 cars above the corresponding week in 1941.

Grain and grain products loading totaled 34,636 cars, a decrease of 1,185 cars below the preceding week, and a decrease of 2,320 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of June 13 totaled 22,841 cars, a decrease of 570 cars below the preceding week, and a decrease of 612 cars below the corresponding week in 1941.

Live stock loading amounted to 11,159 cars, a decrease of 1,325 cars below the preceding week, but an increase of 1,152 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of June 13 totaled 7,956 cars, a decrease of 1,224 cars below the preceding week, but an increase of 1,009 cars above the corresponding week in 1941.

Forest products loading totaled 48,261 cars, a decrease of 5,058 cars below the preceding week, but an increase of 5,858 cars above the corresponding week in 1941.

Ore loading amounted to 86,285 cars, a decrease of 6,168 cars below the preceding week, but an increase of 12,736 cars above the corresponding week in 1941.

Coke loading amounted to 14,231 cars, an increase of 346 cars above the preceding week, and an increase of 1,066 cars above the corresponding week in 1941.

The Southern, Northwestern and Southwestern districts reported increases, but the Eastern, Allegheny, Pocahontas and Central Western districts reported decreases compared with the corresponding week in 1941, 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
Week of June 13	832,726	862,974	712,921
Total	19,361,651	18,056,589	15,433,395

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended June 13, 1942. During this period 61 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JUNE 13

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	365	625	564	1,307	1,501
Bangor & Aroostook	1,273	1,269	1,318	248	237
Boston & Maine	5,984	9,087	7,709	14,723	13,876
Chicago, Indianapolis & Louisville	1,326	1,338	1,474	2,036	2,555
Central Indiana	23	19	17	69	60
Central Vermont	1,020	1,441	1,344	2,679	2,550
Delaware & Hudson	6,236	7,128	5,658	12,151	10,665
Delaware, Lackawanna & Western	8,063	10,621	9,237	9,834	8,592
Detroit & Mackinac	344	428	289	126	152
Detroit, Toledo & Ironton	1,835	3,168	1,941	1,134	1,324
Detroit & Toledo Shore Line	319	390	279	2,562	3,564
Erie	13,261	15,995	12,507	15,644	15,405
Grand Trunk Western	3,826	6,669	4,543	7,654	9,145
Lehigh & Hudson River	217	229	210	3,388	2,550
Lehigh & New England	1,767	2,402	1,910	2,068	2,087
Lehigh Valley	8,713	10,783	9,204	12,747	9,641
Maine Central	2,298	3,309	2,618	2,932	2,872
Monongahela	6,505	6,012	4,445	325	446
Montour	2,422	2,262	1,875	33	29
New York Central Lines	44,264	52,482	42,758	54,085	50,349
N. Y., N. H. & Hartford	9,534	12,592	9,603	19,513	16,779
New York, Ontario & Western	1,138	1,289	1,189	2,431	2,435
New York, Chicago & St. Louis	7,208	7,123	5,730	15,616	13,092
N. Y., Susquehanna & Western	499	433	401	1,570	1,928
Pittsburgh & Lake Erie	8,092	8,854	7,327	9,969	9,296
Pere Marquette	5,603	7,642	5,774	6,011	6,325
Pittsburgh & Shawmut	792	733	834	37	59
Pittsburgh, Shawmut & North	398	524	362	294	435
Pittsburgh & West Virginia	1,204	1,245	776	3,062	2,254
Rutland	364	545	658	953	1,150
Wabash	4,964	6,030	4,910	11,827	11,216
Wheeling & Lake Erie	5,253	5,437	4,547	4,595	4,433
Total	155,110	188,164	152,011	221,423	207,002
Allegheny District—					
Akron, Canton & Youngstown	608	769	505	1,048	996
Baltimore & Ohio	40,269	41,662	31,428	25,427	21,961
Bessemer & Lake Erie	6,919	6,359	6,171	2,681	2,318
Buffalo Creek & Gauley	288	224	332	3	5
Cambria & Indiana	2,069	2,036	1,325	11	21
Central R. R. of New Jersey	6,974	8,917	7,382	16,688	16,270
Cornwall	623	624	556	62	50
Cumberland & Pennsylvania	275	276	227	9	44
Ligonier Valley	112	99	74	45	42
Long Island	738	858	553	3,752	3,222
Penn-Reading Seashore Lines	1,604	1,801	1,263	2,411	1,931
Pennsylvania System	83,616	89,384	66,214	65,150	61,450
Reading Co.	14,127	18,569	15,429	27,210	22,533
Union (Pittsburgh)	21,151	19,232	17,915	8,278	6,703
Western Maryland	4,122	4,258	3,101	12,552	8,415
Total	183,495	195,068	152,475	165,327	145,961
Pocahontas District—					
Chesapeake & Ohio	29,069	29,246	25,002	13,865	13,932
Norfolk & Western	23,474	24,837	19,582	7,143	6,703
Virginian	4,559	4,930	4,101	2,151	1,860
Total	57,102	59,013	48,685	23,159	22,495
Southern District—					
Alabama, Tennessee & Northern	339	316	173	349	182
Atl. & W. P.—W. R. R. of Ala.	707	769	660	2,585	1,854
Atlanta, Birmingham & Coast	749	708	576	1,095	1,092
Atlantic Coast Line	12,416	11,941	9,724	7,978	6,219
Central of Georgia	3,796	4,411	3,964	3,943	4,035
Charleston & Western Carolina	384	507	478	1,504	1,787
Clinchfield	1,762	1,667	1,291	2,748	2,765
Columbus & Greenville	300	403	234	186	245
Durham & Southern	136	198	162	1,043	500
Florida East Coast	763	515	414	758	782
Gainesville Midland	33	41	24	197	84
Georgia	1,214	1,156	1,070	2,674	1,932
Georgia & Florida	426	404	296	431	629
Gulf, Mobile & Ohio	4,224	3,853	3,119	3,966	3,135
Illinois Central System	26,245	22,198	18,916	16,016	13,752
Louisville & Nashville	26,946	26,835	22,660	9,454	6,709
Macon, Dublin & Savannah	142	189	136	733	826
Mississippi Central	207	167	111	531	430
Nashville, Chattanooga & St. L.	3,740	3,471	2,727	4,033	3,051
Norfolk Southern	1,880	1,292	1,775	1,840	1,140
Piedmont Northern	318	479	437	1,094	1,688
Richmond, Fred. & Potomac	500	415	346	9,977	7,325
Seaboard Air Line	10,186	10,976	8,181	7,812	6,218
Southern System	22,898	25,730	20,082	23,385	19,075
Tennessee Central	590	551	393	1,190	752
Winston-Salem Southbound	89	151	122	754	926
Total	120,990	119,343	98,061	106,276	87,133
Northwestern District—					
Chicago & North Western	20,966	21,883	19,382	12,111	12,346
Chicago Great Western	2,183	2,647	2,458	2,957	3,107
Chicago, Milw., St. P. & Pac.	17,865	21,577	18,780	9,568	9,023
Chicago, St. Paul, Minn. & Omaha	3,219	3,918	3,396	3,249	3,826
Duluth, Missabe & Iron Range	28,603	22,181	19,081	429	350
Duluth, South Shore & Atlantic	1,364	1,266	1,374	491	522
Elgin, Joliet & Eastern	9,742	10,358	8,641	10,012	9,300
Ft. Dodge, Des Moines & South	550	550	530	119	128
Great Northern	24,792	22,588	20,208	4,800	3,698
Green Bay & Western	535	619	524	846	804
Lake Superior & Ishpeming	3,409	2,930	3,024	31	74
Minneapolis & St. Louis	1,934	1,810	1,882	2,113	2,031
Minn., St. Paul & S. S. M.	7,524	7,450	6,054	3,321	2,872
Northern Pacific	10,427	9,297	9,433	5,068	4,329
Spokane International	232	358	233	452	361
Spokane, Portland & Seattle	2,500	2,631	1,798	2,951	2,100
Total	135,845	132,063	116,798	58,518	54,871
Central Western District—					
Atch., Top. & Santa Fe System	23,027	22,316	19,222	10,633	7,051
Alton	3,193	3,645	2,890	4,045	2,608
Bingham & Garfield	704	633	485	114	77
Chicago, Burlington & Quincy	15,650	15,945	13,635	10,318	9,010
Chicago & Illinois Midland	2,221	2,583	1,835	831	776
Chicago, Rock Island & Pacific	11,771	12,516	11,550	10,838	9,706
Chicago & Eastern Illinois	1,846	2,786	2,390	3,657	3,093
Colorado & Southern	792	594	625	1,773	1,738
Denver & Rio Grande Western	3,038	2,329	2,060	4,661	3,330
Denver & Salt Lake	568	264	299	19	21
Fort Worth & Denver City	1,149	1,053	1,132	1,052	1,022
Illinois Terminal	1,685	1,897	1,774	2,374	1,829
Missouri-Illinois	1,262	1,127	842	455	485
Nevada Northern	2,011	1,962	1,452	133	116
North Western Pacific	1,022	934	807	488	416
Peoria & Pekin Union	7	12	14	0	0
Southern Pacific (Pacific)	29,248	29,776	25,367	9,684	6,564
Toledo, Peoria & Western	225	321	449	1,378	1,404
Union Pacific System	12,680	14,101	12,255	12,485	9,758
Utah	576	220	173	6	7
Western Pacific	2,191	1,705	1,676	3,465	2,358
Total	114,866	116,719	100,932	78,409	61,370
Southwestern District—					
Burlington-Rock Island	262	183	177	166	212
Gulf Coast Lines	4,332	2,898	2,624	2,347	1,800
International-Great Northern	2,649	2,131	1,728	2,598	2,126
Kansas, Oklahoma & Gulf	281	176	229	1,308	891
Kansas City Southern	5,033	2,293	1,900	2,840	2,416
Louisiana & Arkansas	4,586	2,127	1,852	2,343	1,847
Litchfield & Madison	384	306	380	1,058	1,142
Midland Valley	619	410	376	250	278
Missouri & Arkansas	115	187	181	275	320
Missouri-Kansas-Texas Lines	4,937	4,130	3,858	4,148	3,345
Missouri Pacific	16,064	15,117	11,728	17,606	10,806
Quanah Acme & Pacific	77	5	86	177	5
St. Louis-San Francisco	9,112	7,999	6,709	6,966	5,376
St. Louis Southwestern	2,847	2,821	2,489	6,505	3,137
Texas & New Orleans	9,682	7,634	5,803	4,558	3,891
Texas & Pacific	4,193	4,002	3,660	6,996	4,403
Wichita Falls & Southern	115	165	161	33	51
Weatherford M. W. & N. W.	30	20	18	23	50
Total	65,318	52,604	43,959	60,197	42,096

Note—Previous year's figures revised.

Electric Output For Week Ended June 20, 1942 Shows 11.1% 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 20, 1942, was 3,433,711,000 kwh., which compares with 3,091,672,000 kwh. in the corresponding period in 1941, a gain of 11.1%. The output for the week ended June 13, 1942, was estimated to be 3,463,528,000 kwh., an increase of 11.7% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— June 20, '42	June 13, '42	June 6, '42	May 30, '42
New England	6.1	6.8	7.4	14.6
Middle Atlantic	6.8	9.4	5.8	9.2
Central Industrial	7.5	8.2	7.3	12.6
West Central	9.9	11.7	10.4	10.4
Southern States	19.6	18.8	14.2	10.7
Rocky Mountain	6.3	5.7	1.3	7.0
Pacific Coast	17.8	17.0	17.6	22.1
Total United States	11.1	11.7	9.6	12.5

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Apr. 4	3,348,608	2,959,646	+13.1	2,493,690	1,465,076	1,663,291
Apr. 11	3,320,858	2,905,581	+14.3	2,529,908	1,480,738	1,696,543
Apr. 18	3,307,700	2,897,307	+14.2	2,528,868	1,469,810	1,709,331
Apr. 25	3,273,190	2,950,448	+10.9	2,499,060	1,454,505	1,699,822
May 2	3,304,602	2,944,906	+12.2	2,503,899	1,429,032	1,688,434
May 9	3,365,208	3,003,921	+12.0	2,515,515	1,436,928	1,698,492
May 16	3,356,921	3,011,345	+11.5	2,550,071	1,435,731	1,704,426
May 23	3,379,985	3,040,029	+11.2	2,588,821	1,425,151	1,705,460
May 30	3,322,651	2,954,647	+12.5	2,477,689	1,381,452	1,615,085
June 6	3,372,374	3,076,323	+ 9.6	2,598,812	1,435,471	1,689,925
June 13	3,463,528	3,101,291	+11.7	2,664,853	1,441,532	1,699,227
June 20	3,433,711	3,091,672	+11.1	2,653,788	1,440,541	1,702,501
June 27	-----	3,156,825	-----	2,659,825	1,456,961	1,723,428

SEC Reports Individual Savings Show Decline

The Securities and Exchange Commission made public on May 29 an analysis of the volume and composition of saving by individuals in the United States during the first quarter of 1942, continuing a series of quarterly figures recently inaugurated. An earlier analysis, made public by the Commission on April 15, was referred to in our issue of April 23, page 1616.

The more important results of the latest analysis, says the Commission, may be summarized as follows:

1. Individuals saved somewhat less in the first quarter of 1942 than they did in the last quarter of the preceding year.

2. Individuals' purchases of Government bonds increased to some extent, but apparently at the expense of other forms of saving, particularly cash and deposits.

3. Individuals failed to add to their cash holdings and deposits notwithstanding the high level of income. This is in marked contrast to the large increase in cash and deposits in the preceding quarter and in prior quarters of 1940 and 1941.

4. Individuals' debts were reduced substantially in the quarter. This appears to have resulted chiefly from the inability to purchase automobiles and certain other durable consumers' goods. There is no indication that the decrease in debt reflects voluntary debt reduction.

Further details were announced as follows by the Commission on May 29:

Individuals' gross saving in the first quarter of 1942 amounted to $6,000,000,000. Their liquid saving, i.e., saving exclusive of expenditures on durable goods, amounted to $3,700,000,000. Both of these figures represent a drop in saving from the high point reached in the fourth quarter of 1941. The large decrease in gross saving appears to be attributable primarily to the reduction in expenditures on automobiles and other durable consumers' goods as a result of scarcities. The decrease in liquid saving probably reflects the lower level of income in the hands of individuals after payment of taxes. The volume of liquid saving is higher than might be expected on the basis of the past relationships between such saving and income alone. This seems to be explainable largely in terms of the restrictions placed on the purchases of automobiles and other durable consumers' goods and on the extension of credit for such purchases, resulting not only in an enforced decrease in expenditures on these goods but also in an automatic decrease in outstanding debt. However, there is little evidence in this period of any unusual voluntary diversion from consumption into liquid saving.

Federal Government securities accounted for $2,200,000,000 in the first quarter of 1942, compared with $1,900,000,000 in the preceding quarter. This type of saving constituted 60% of individuals' liquid saving in the first quarter of 1942, compared with 46% in the last quarter of 1941, 17% in the first quarter of 1941, and 8% in 1940. As noted above, the analysis indicates that a considerable part of saving in Federal Government securities was financed by the curtailment of current saving in other forms rather than by curtailment of consumption. In reflection of this tendency, individuals' cash holdings and deposits actually showed a small decline in the first quarter of 1942. This dis-saving was in sharp contrast to the substantial saving in this form in 1940 and

1941, which had amounted on the average to $1,200,000,000 quarterly. The decrease in cash and deposits is the more striking in view of the fact that disposable income in the hands of individuals in the first quarter of 1942 was higher than in any preceding quarter with the exception of the last two quarters of 1941.

The figures for the first quarter of 1942 also show that individuals' total expenditures on automobiles and other durable consumers' goods was $1,700,000,000, a marked decline from the expenditure of $2,600,000,000 in the last quarter of 1941, $2,500,000,000 in the first quarter of 1941, and even higher levels in the other two quarters of 1941. A substantial reduction of $800,000,000 in individuals' debt which had been incurred in the purchase of automobiles and other durable consumers' goods was recorded, due principally to the sharp decline in expenditures on such goods and, to a lesser extent, to the restrictions on the granting of credit. Individuals were compelled to pay off instalment debt previously incurred, at the same time incurring less new debt than usual. The resulting reduction in debt was the highest for any quarter on record.

Of the remaining components of individuals' saving in the first quarter, expenditure on homes amounted to $500,000,000, somewhat less than the amount in the last quarter of 1941, but almost identical with the figure for the first quarter of that year. As in the past, there was a sizable growth in individuals' equity in insurance and pension reserves, amounting to $600,000,000 in private insurance and $400,000,000 in Government insurance. This increase was in line with the level of income. Finally, there was not much change in individuals' net absorption of corporate securities.

Govt. May Buy Autos From Private Owners

The Federal Government may buy automobiles from private owners who voluntarily offer them for sale, it was disclosed on June 11, according to an Associated Press dispatch from St. Louis, which reported:

The disclosure was made during a discussion of the rubber shortage and the gasoline situation in the "Town Meeting of the Air" over the Blue Network. Jack Garrett Scott, General Counsel of the Office of Defense Transportation, said in answer to a question that his agency was attempting to make immediate arrangements for sale to the government of automobiles which motorists, for one reason or another, wish to dispose of. He did not elaborate on the plan.

Chicago Home Loan Bank Advances Up In May

The lending of $1,321,521 to Illinois and Wisconsin savings, building and loan associations by the Federal Home Loan Bank of Chicago during May made the busiest month so far in 1942 in advances by the regional institution to local members, the bank announced on June 8. At the same time, A. R. Gardner, President, pointed out it was the smallest May volume of loans in three years. Gain over April loan volume was 20%, but the fall off from May, 1941, was 28%. All but two months so far in '42 have seen lighter demands on the Federal Home Loan Bank than similar months of last year, Mr. Gardner said. Meanwhile repayments of advances from the bank continued at the $1,500,000 pace set in April and were practically double volume of a year ago.

Trading On New York Exchanges

The Securities and Exchange Commission made public on June 19 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 June 6, 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 June 6 (in round-lot transactions) totaled 893,645 shares, which amount was 17.36% of total transactions on the Exchange of 2,285,810 shares. This compares with member trading during the previous week ended May 30 of 510,870 shares, or 15.70% of total trading of 1,626,430 shares. On the New York Curb Exchange, member trading during the week ended June 6 amounted to 90,885 shares, or 15.24% of the total volume of that Exchange of 298,135 shares; during the preceding week trading for the account of Curb members of 66,230 shares was 13.95% of total trading of 237,275 shares.

The Commission made available the following data for the week ended June 6:

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	986	694
1. Reports showing transactions as specialists	166	84
2. Reports showing other transactions initiated on the floor	131	22
3. Reports showing other transactions initiated off the floor	167	55
4. Reports showing no transactions	600	539

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 June 6, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	84,970	
‡Other sales	2,200,840	
Total sales	2,285,810	
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	208,440	
Short sales	37,070	
‡Other sales	139,630	
Total sales	176,700	8.43
2. Other transactions initiated on the floor—		
Total purchases	135,200	
Short sales	13,200	
‡Other sales	97,630	
Total sales	110,830	5.38
3. Other transactions initiated off the floor—		
Total purchases	100,700	
Short sales	12,520	
‡Other sales	49,255	
Total sales	61,775	3.55
4. Total—		
Total purchases	444,340	
Short sales	62,790	
‡Other sales	286,515	
Total sales	349,305	17.36

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

Week Ended June 6, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	3,595	
‡Other sales	294,540	
Total sales	298,135	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	30,525	
Short sales	3,225	
‡Other sales	33,360	
Total sales	36,585	11.25
2. Other transactions initiated on the floor—		
Total purchases	4,360	
Short sales	100	
‡Other sales	3,125	
Total sales	3,225	1.27
3. Other transactions initiated off the floor—		
Total purchases	9,690	
Short sales	150	
‡Other sales	6,350	
Total sales	6,500	2.72
4. Total—		
Total purchases	44,575	
Short sales	3,475	
‡Other sales	42,835	
Total sales	46,310	15.24
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	50	
§Customers' other sales	20,503	
Total purchases	20,553	
Total sales	12,377	

*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."

Retail Food Costs Under Price Regulation Declined 1.1% Between May 15 and June 2

The cost of food subject to the General Maximum Price Regulation declined on the average of 1.1% from May 15 to June 2, Acting Commissioner Hinrichs of the Bureau of Labor Statistics announced on June 15. Retail price regulation became effective on May 18 but did not cover about 40% of the average city family's food budget. Uncontrolled prices continued to rise; the average increase was 2.4% for these items.

The Bureau's announcement further said in part:

The increase in the total food bill of the average city family in 21 cities was 0.3%. This is the lowest rate of increase observed this year and compares with an increase of 1.7% in 51 cities surveyed in the month preceding the introduction of price control. Changes for both periods are summarized in this release.

The General Maximum Price Regulation requires the return of prices of most commodities to the highest levels reached in March of this year. Thirty-five of the 54 foods included in the Bureau's food cost index were affected by the price order. Section 3 of the Emergency Price Control Act passed by Congress on Jan. 29, 1942, provides that maximum prices shall not be fixed for agricultural commodities until their values in exchange to the farmer shall be at least 10% higher than their average value in the years 1909 to 1914, that is until they have reached 110% of what is known as their parity price. Because of this limitation, no price ceilings are being placed at present on butter, cheese, eggs, poultry, mutton and lamb, evaporated and condensed milk, flour, loose corn meal, dried prunes and dried beans. Fresh fruits and vegetables and fresh fish and seafood are also exempt from the price order, because of the serious administrative difficulties which would be involved in regulating prices of foods which vary so greatly from season to season in quantity and character.

Index numbers of food costs by commodity groups for June 2, 1942 (based on 21 cities) and for May 12, 1942, April 14, 1942, March 17, 1942, May 13, 1941, and Aug. 15, 1939, are shown below:

INDEX NUMBERS OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS
(Five-Year Average 1935-39 = 100)

Commodity Group—	June 2, *1942	May 12, †1942	Apr. 14, 1942	Mar. 17, 1942	May 13, 1941	Aug. 15, 1939
All Foods	122.0	121.6	119.6	118.6	102.1	93.5
Cereals and bakery products	105.0	105.1	105.1	104.8	95.4	93.4
Meats	125.2	124.3	121.5	120.5	104.2	95.7
Beef and veal	122.9	124.1	120.6	119.7	107.0	99.6
Pork	120.8	123.2	120.5	117.5	95.1	88.0
Lamb	128.5	118.2	108.0	108.7	104.7	98.8
Chickens	119.1	113.4	112.2	112.2	106.0	94.6
Fish, fresh and canned	154.7	150.9	‡156.9	158.9	117.2	99.6
Dairy products	122.4	123.3	122.3	121.7	107.7	93.1
Eggs	116.8	115.4	111.3	112.1	94.3	90.7
Fruits and vegetables	130.5	128.6	125.6	123.4	103.5	92.4
Fresh	132.4	129.9	126.2	123.7	105.8	92.8
Canned	122.5	122.7	122.0	120.8	94.2	91.6
Dried	131.8	131.3	130.6	127.9	102.7	90.3
Beverages	122.8	124.6	‡122.6	119.6	96.1	94.9
Fats and oils	120.2	122.4	‡119.9	116.8	88.0	84.5
Sugar	126.7	127.1	128.1	128.5	106.9	95.6

*Based on 21 cities. †Preliminary. ‡Revised.

Nat'l Fertilizer Ass'n Price Index Unchanged

The weekly wholesale commodity price index compiled by The National Fertilizer Association and released on June 22, remained unchanged last week. In the week ended June 20, 1942, this index stood at 127.1% of the 1935-1939 average, the same as in the preceding week. A month ago it registered 128.0 and a year ago, 110.2. The Association's report continued as follows:

Although there were fractional advances in several industrial groups as well as in the farm products group, the decline in the foods group was enough to hold the general index to the same level as it was in the preceding week. Prices were mixed in both the foods and farm products groups. Declining prices in eggs, oranges, canned beans, beef, and chickens more than offset advancing prices in flour, potatoes, and lard in the foods group, while in the farm products group gains in most grains, cotton, and hogs were more than enough to offset the losses in rye, calves, and lambs. A slight increase in cotton prices was just enough to raise the index of the textiles group fractionally. Other groups showing small gains were miscellaneous commodities, due to higher prices for cattle feed; and fertilizer materials, due to higher prices for cottonseed meal.

During the week prices of 13 commodities declined and 10 advanced; in the preceding week there were 12 declines and 7 advances; in the second preceding week there were 18 declins and 8 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 20 1942	Preceding Week June 13 1942	Month Ago May 16 1942	Year Ago June 21 1941
25.3	Foods	125.1	125.6	125.3	105.4
	Fats and Oils	137.3	136.6	138.7	118.2
	Cottonseed Oil	158.4	158.4	159.3	136.0
23.0	Farm Products	134.5	134.1	137.7	108.1
	Cotton	179.1	176.6	192.1	133.4
	Grains	113.8	112.8	118.3	95.7
	Livestock	131.0	131.0	132.0	106.5
17.3	Fuels	119.7	119.7	119.5	110.2
10.8	Miscellaneous commodities	127.8	127.5	128.1	118.5
8.2	Textiles	147.5	147.2	149.5	132.7
7.1	Metals	104.4	104.4	104.4	103.5
6.1	Building materials	151.6	151.6	151.7	115.4
1.3	Chemicals and drugs	120.7	120.7	120.7	105.0
.3	Fertilizer materials	117.7	117.6	118.8	104.7
.3	Fertilizers	115.3	115.3	115.3	102.0
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	127.1	127.1	128.0	110.2

*Indexes on 1926-1928 base were: June 20, 1942, 99.0; June 13, 99.0; June 21, 1941, 85.8.

May Life Insurance Sales Decline

The sales of ordinary life insurance in the United States in May amounted to $457,926,000, about 24% below the volume sold in the corresponding period of 1941, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first five months of 1942, however, continues ahead of last year, amounting to $3,108,922,000, or 9% above the amount sold in the same period of 1941.

The sale volume and the ratios for all sections are reported by the Bureau as follows:

	May 1942 Sales Volume in $1,000	May 1942 Ratios '42-'41 All Cos.	Year to Date Sales Volume in $1,000	Year to Date Ratios '42-'41 All Cos.
U. S. Total	$457,926	76%	$3,108,922	109%
New Engl'd	36,248	74%	249,775	108%
M. Atlantic	114,230	70%	856,176	109%
E. N. Cent.	106,445	76%	701,940	107%
W. N. Cent.	48,833	86%	294,496	112%
S. Atlantic	44,679	74%	294,846	106%
E. S. Cent.	17,758	74%	124,683	111%
W. S. Cent.	31,825	77%	223,142	108%
Mountain	12,188	76%	75,758	105%
Pacific	45,720	86%	288,106	119%

Market Transactions In Govts. For May

Market transactions in Government securities for Treasury investment and other accounts in May, 1942, resulted in net purchases of $16,525, Secretary Morgenthau announced on June 15. This compares with net purchases of $300,000 in April.

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

1940—	
June	$934,000 purchased
July	No sales or purchases
August	No sales or purchases
September	$300,000 sold
October	4,400,000 sold
November	284,000 sold
December	1,139,000 sold
1941—	
January	$2,785,000 purchased
February	11,950,000 purchased
March	No sales or purchases
April	$743,350 sold
May	200,000 sold
June	447,000 purchased
July	No sales or purchases
August	No sales or purchases
September	$2,500 sold
October	200,000 sold
November	No sales or purchases
December	$60,004,000 purchased
1942—	
January	$520,700 sold
February	29,980,000 purchased
March	5,814,450 purchased
April	300,000 purchased
May	16,625 purchased

Greets George VI

In a message congratulating King George VI of Great Britain on his birthday, President Roosevelt on June 11 took occasion to stress the ties existing between the peoples of the United States, the British Empire and the United Nations "in the high resolve that freedom and justice shall be preserved and made secure." The message follows:

June 11, 1942.

His Majesty, George VI of Great Britain,

London (England):

Upon the occasion of the celebration of Your Majesty's birth it gives me great pleasure to extend my sincere good wishes for your health and happiness and for the continued well-being of all your people.

At this time last year I took occasion to express to you the sympathy and admiration of the American people for the valiant defense of liberty in which the people of the British Empire, were then as now, so bravely engaged. Today the people of this nation are firmly joined in spirit and in arms with the people of the British Empire and the people of all of the United Nations in the high resolve that freedom and justice shall be preserved and made secure.

FRANKLIN D. ROOSEVELT.

May Departmet Store Sales In New York Federal Reserve District 5% Below Year Ago

The Federal Reserve Bank of New York announced on June 17 that May sales of department stores in the Second (New York) Federal Reserve District decreased 5% below a year ago. The combined sales for January through May, however, are 14% higher than in the same period last year. Stocks of merchandise on hand in department stores at the end of May were 79% above May, 1941.

The apparel stores in the New York Reserve District reported a loss of 3% in net sales in May, while their stocks on hand were 61% above a year ago.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES—MAY, 1942

Second Federal Reserve District

Department Stores—	Percentage Changes from a Year Ago —Net Sales— May	January through May	Stock on Hand End of Month
New York City	—4	+13	+86
Northern New Jersey	—10	+13	+75
Newark	—8	+14	+74
Westchester and Fairfield Counties	+2	+21	+54
Bridgeport	+5	+24	+61
Lower Hudson River Valley	—11	+8	+43
Poughkeepsie	—10	+12	——
Upper Hudson River Valley	—17	+8	+59
Albany	—23	+2	——
Central New York State	—5	+18	+75
Mohawk River Valley	+5	+31	+75
Syracuse	—8	+14	+75
Northern New York State	—21	—3	——
*Southern New York States	—9	+17	+67
Binghamton	—12	+14	——
Elmira	—4	+22	——
Western New York State	—1	+19	+64
Buffalo	0	+22	+65
Niagara Falls	+26	+40	+34
Rochester	—2	+15	+68
*All department stores	—5	+14	+79
Apparel stores	—3	+16	+61

*Subject to possible revision.
25 shopping days, 1942 (4 Saturdays)
26 shopping days, 1941 (5 Saturdays)

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

Second Federal Reserve District

[1923-25 average = 100]

	1941 May	1942 March	1942 April	1942 May
Sales (average daily), unadjusted	†95	106	106	99
Sales (average daily), seasonally adjusted	†99	120	110	103
Stocks, unadjusted	†89	137	152	160
Stocks, seasonally adjusted	†86	135	149	156

†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	106	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
June 13	115,300	125,016	274,512	72	94

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.

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

The earnings of the railroads of the United States are continuing to reflect the expansion in war efforts. Last month we were able to say that the gross and net earnings for the month of March exceeded those reached in March of any previous year. Now we find that the gross and net earnings for April are not only the largest for any April in any previous year but that they even exceed those for the month of March.

Undoubtedly the gas and rubber situation will and is benefiting the railroads, but to what extent is not known. One large railroad company was surprised to find that their commutation passengers had increased only 5% since the gasoline rationing went into effect.

Tremendous strains are being placed on the railroads to handle the tremendous freight and passenger traffic but they have proved not only capable of handling the situation but have in addition been able to lower their ratio of expenses to earnings for the month of April from 73.28% in 1941 to 64.06% in 1942.

Gross earning of the railroads in April amounted to $572,530,962, against $374,304,676 in April last year, an increase of $198,226,346 or 52.97%. Net earnings for April totaled $205,791,498 against $100,023,867, an increase of $105,767,631 or 105.74%. We now present the comparison in tabular form.

Month of April—	1942	1941	Incr. (+) or Decr. (—)	%
Mileage of 132 roads	231,500	232,227	— 727	—00.31
Gross earnings	$572,530,962	$374,304,616	+$198,226,346	+52.97
Operating expenses	366,739,464	274,280,749	+ 92,458,715	+33.71
Ratio of expenses to earnings	(64.06%)	(73.28%)		
Net earnings	$205,791,498	$100,023,867	+$105,767,631	+105.74

In order to determine the underlying factors for the 52.97% increase in railroad earnings for the month of April last, over the corresponding period of the previous year, we turn now to the general activity of business and industry. We have brought together in the subjoined table the figures representative of activity in the more important industries, which have a direct bearing on the revenues of the railroads for the period under review. Also shown are those figures relating to grain, cotton and livestock receipts and revenue freight car loadings for the month of April, 1942, as compared with the corresponding month of 1941, 1940, 1932 and 1929. Steel ingot production rose to a new peak exceeding 1929's total by some 1,495,703 tons. Building construction contracts, livestock receipts and lumber output also showed substantial gains over 1941. Bituminous coal production surpassed the 1929 total by 4,943,000 tons and last year's production, which was sharply curtailed by the Appalachian strike, by 42,734,000 tons. Anthracite coal production showed an increase of 58.7% over 1941, while the farm product movement on the whole showed a marked increase.

April	1942	1941	1940	1932	1929
Building ($000):					
†Constr. contracts awarded	$498,742	$406,675	$300,504	$121,705	$642,061
Coal (net tons):					
‡Bituminous	49,000,000	6,266.000	32,790,000	20,300,000	44,057,000
§Pennsylvania anthracite	5,068,800	3,198,000	3,746,000	5,629,000	6,205,000
Freight Traffic:					
¶Carloadings, all (cars)	x3,351,038	x2,793,630	x2,495,212	x2,229,173	x3,989,142
††Livestock receipts:					
Chicago (cars)	5,766	6,168	6,192	11,282	17,546
Kansas City (cars)	4,461	2,897	2,012	4,785	7,673
Omaha (cars)	2,100	1,599	1,712	3,603	7,719
‡‡Western flour and grain receipts:					
Flour (000 barrels)	x2,454	x1,708	x1,596	x1,448	x1,700
Wheat (000 bushels)	x11,960	x16,481	x26,446	x12,642	x15,792
Corn (000 bushels)	x26,739	x15,683	x10,868	x9,279	x15,566
Oats (000 bushels)	x5,060	x4,450	x3,998	x4,850	x8,848
Barley (000) bushels)	x4,579	x5,350	x5,909	x2,067	x2,788
Rye (000 bushels)	x920	x1,000	x1,498	x405	x817
Iron and Steel (net tons):					
§§Steel ingot production	7,122,313	6,754,179	4,100,474	1,429,848	5,626,610
Lumber (000 feet):					
¶¶Production	x966,704	x1,016,000	x890,854	x472,963	x1,635,789
¶¶Shipments	x1,146,897	x1,039,386	x906,518	x554,510	x1,686,481
¶¶Orders received	x1,390,899	x1,062,191	x919,613	x506,510	x1,653,561

Note—Figures in above table issued by:

†F. W. Dodge Corp. (figures for 37 States east of Rocky Mountains). ‡National Bituminous Coal Commission. §United States Bureau of Mines. ¶Association of American Railroads. ††Reported by major stock yard companies in each city. ‡‡New York Produce Exchange. §§American Iron and Steel Institute. ¶¶National Lumber Manufacturers' Association (number of reporting mills varies in different years). x Four week's.

Of the individual railroads, 92 of them contributed major increases to make up the greatest gain in gross earnings for one month of one year over the previous corresponding period. The increases of 75 roads in the net category also attained a new high for the month of April.

The Pennsylvania headed both gross and net listings with respective increases of $27,218,794 and $12,034,732. The New York Central was second in the list of gross gains with $14,826,369, while the Chesapeake & Ohio placed second in the net classification with an increase of $7,775,609. It is interesting to note that two of the leading coal carriers of the country, the afore-mentioned Chesapeake & Ohio and the Norfolk & Western, were able to convert exceptionally high percentage of their gross increases into net increases, the Chesapeake & Ohio 77.5% and the Norfolk & Western 74.6%. There were two roads in the gross listing and three in the net that recorded major decreases of $100,000 or more in comparison with April of the previous year. The Grand Trunk Western led in both gross and net with decreases of $302,612 and $423,918 respectively. In the following tabulation we show the major variations of $100,000 or more, whether increases or decreases, for the month of April of the current year in comparison with the April period of 1941:

PRINCIPAL CHANGES IN GROSS EARNINGS FOR THE MONTH OF APRIL

	Increase		Increase
Pennsylvania	$27,218,794	Gulf Mobile & Ohio	$675,492
New York Central	*14,826,369	Florida East Coast	617,673
Southern Pacific (2 roads)	12,384,588	Long Island	565,124
Chesapeake & Ohio	10,027,808	Monongahela	555,065
Baltimore & Ohio	9,535,360	New Orleans & Northeastern	536,348
Atchison Topeka & Santa Fe	9,235,406	Spokane Portland & Seattle	508,762
Union Pacific	7,960,746	Pere Marquette	498,956
Norfolk & Western	6,997,816	International Great Northern	463,275
Louisville & Nashville	6,011,777	Bessemer & Lake Erie	462,933
Southern	5,105,838	Nashville Chat. & St. L.	427,733
Illinois Central	4,658,741	Minn. St P. & S. Ste. M.	411,057
Missouri Pacific	4,432,562	Central of Georgia	400,669
New York N H & Hartford	4,065,122	Colorado & Southern (2 rds.)	374,040
Reading	3,857,826	Chicago & Illinois Midland	369,123
Atlantic Coast Line	3,440,429	Chicago Great Western	313,277
Erie	3,353,099	Clinchfield	304,650
Seaboard Air Line	3,350,587	Chi. St. P. Minn. & Omaha	301,515
Chicago Milw St. Paul & Pac	3,117,206	Georgia	297,347
New York Chicago & St Louis	2,804,522	Chi. & Eastern Illinois	294,119
Chicago Burlington & Quincy	2,742,715	New York Ontario & Western	262,688
Chicago Rock Island & Pac	2,258,702	Lehigh & New England	242,861
Chicago & North Western	2,231,319	Maine Central	228,110
Northern Pacific	2,207,075	Montour	228,107
Lehigh Valley	2,095,307	Louisiana & Arkansas	208,938
Central of New Jersey	2,001,252	Minneapolis & St. Louis	204,361
Boston & Maine	1,974,039	Chicago Ind. & Louisville	203,435
Great Northern	1,963,530	Bangor & Aroostook	200,672
St Louis- San Fran (2 roads)	1,913,278	Illinois Terminal	193,848
Delaware & Hudson	1,765,693	Cambria & Indiana	173,677
Missouri-Kansas-Texas	1,751,645	Duluth Missabe & Iron Range	168,635
Wabash	1,635,030	Norfolk Southern	158,637
Denver & Rio Grande West	1,594,775	Tennessee Central	154,865
Delaware Lack & Western	1,583,200	Lehigh & Hudson River	154,344
Virginian	1,532,571	Western Ry. of Alabama	147,555
Western Maryland	1,347,468	Pittsburgh & West Virginia	147,438
St Louis Southwestern	1,281,031	Penn.-Reading Seashore Lines	133,716
Pittsburgh & Lake Erie	1,217,587	Northwestern Pacific	131,866
Western Pacific	1,176,096	Atlanta & West Point	110,361
Kansas City Southern	1,045,968	Detroit & Toledo Shore Line	103,417
Richmond Fredericks. & Pot.	1,024,334	Ann Arbor	103,091
Texas & Pacific	990,054		
Yazoo & Mississippi Valley	979,273	Total (92 roads)	$197,215,954
Elgin Joliet & Eastern	922,505		
Wheeling & Lake Erie	737,709		Decrease
Alton	729,607	Grand Trunk Western	$302,612
New Orl. Tex & Mex. (3 rds.)	708,613	Lake Superior & Ishpeming	147,875
Alabama Great Southern	699,182		
Cinc. N. Orl. & Tex. Pac.	684,020	Total (2 roads)	$450,487

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $16,043,956.

PRINCIPAL CHANGES IN NET EARNINGS FOR THE MONTH OF APRIL

	Increase		Increase
Pennsylvania	$12,034,732	Elgin Joliet & Eastern	$505,953
Chesapeake & Ohio	7,775,609	Wheeling & Lake Erie	499,040
New York Central	*6,991,947	Florida East Coast	472,526
Atchison Topeka & Santa Fe	5,960,343	Northern Pacific	456,180
Southern Pacific (2 roads)	5,746,038	Alabama Great Southern	436,799
Norfolk & Western	5,220,445	Texas & Pacific	438,038
Baltimore & Ohio	5,084,636	Great Northern	429,233
Louisville & Nashville	3,950,078	New Orl. Tex & Mex (3 rds.)	418,264
Union Pacific	2,831,209	Spokane Portland & Seattle	402,174
Missouri Pacific	2,706,393	Monongahela	381,788
New York N. H. & Hartford	2,481,934	New Orleans & Northeastern	363,662
Reading	2,479,093	Gulf Mobile & Ohio	353,175
Southern	2,421,667	Cinc. N. Orl. & Tex. Pac.	347,269
Illinois Central	2,375,730	Bessemer & Lake Erie	222,726
Seaboard Air Line	2,175,585	Georgia	219,102
Atlantic Coast Line	2,163,067	Clinchfield	212,702
Erie	1,852,132	International Great Northern	209,521
New York Chi. & St. Louis	1,803,124	Chicago & Illinois Midland	205,635
Chicago Burlington & Quincy	1,756,555	Colorado & Southern (2 rds.)	205,544
Central of New Jersey	1,264,063	Alton	190,938
Virginian	1,253,845	Montour	179,239
Chi. Milw. St. P. & Pac.	1,211,448	New York Ontario & West.	166,873
Wabash	1,093,555	Cambria & Indiana	165,322
Denver & Rio Grande West.	1,087,475	Bangor & Aroostook	154,624
Delaware Lack. & Western	1,049,694	Lehigh & New England	149,060
St. Louis-San Fran. (2 rds.)	1,009,512	Pere Marquette	145,815
Chicago & North Western	1,005,261	Chicago Great Western	134,438
Pittsburgh & Lake Erie	981,006	Long Island	133,072
Boston & Maine	949,142	Chicago Ind. & Louisville	115,294
Lehigh Valley	932,730	Lehigh & Hudson River	106,868
Delaware & Hudson	915,715	Central of Georgia	105,809
Missouri-Kansas-Texas	803,017		
Richmond Fredericks. & Pot.	778,251	Total (75 roads)	$104,743,584
Western Pacific	766,325		Decrease
St. Louis Southwestern	724,184	Grand Trunk Western	$423,918
Chicago Rock Island & Pac.	711,629	Lake Superior & Ishpeming	164,994
Western Maryland	679,405	Duluth Missabe & Iron Range	114,454
Yazoo & Mississippi Valley	646,070		
Kansas City Southern	544,257	Total (3 roads)	$703,366

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $7,972,953.

Turning now to our usual summary grouping of the railroads into districts and regions, we find that the Southern District showed the greatest increases in both gross and net with gains of 75.76% and 200.32%, respectively. In the gross listing the Pocahontas region showed a percentage gain of 170.23% while the Central Eastern region recorded the second greatest gain, one of 61.69%. In the net classification the Central Eastern region placed first with an increase of 118.84. The Southern and Central Western regions were second and third, respectively with increases 104.21% and 98.81%. The Northwestern region showed the smallest percentage increase, 25.26%, appearing in the gross category. Our summary grouping appears below, and as previously explained, conforms with the classification of the Interstate Commerce Commission. The boundaries of the various groups and regions are indicated in the footnote to the table:

SUMMARY BY GROUPS

District and Region Month of April	Gross Earnings 1942	1941	Incr. (+) or Decr. (—)	
Eastern District—	$	$	$	%
New England region (10 roads)	23,354,025	16,687,478	+ 6,666,547	+39.95
Great Lakes region (23 roads)	100,290,122	68,595,497	+ 31,694,625	+46.21
Central Eastern region (18 roads)	125,988,139	77,918,185	+ 48,069,954	+61.69
Total (51 roads)	249,632,286	163,201,160	+ 86,431,126	+52.96
Southern District—				
Southern region (26 roads)	81,712,853	52,674,136	+ 29,038,717	+55.13
Pocahontas region (4 roads)	31,086,354	11,503,825	+ 19,582,529	+170.23
Total (30 roads)	112,799,207	64,177,961	+ 48,621,246	+75.76
Western District—				
Northwestern region (15 roads)	57,050,731	45,544,603	+ 11,506,128	+25.26
Central Western region (16 roads)	107,960,821	71,706,607	+ 36,254,214	+50.56
Southwestern region (20 roads)	45,087,917	29,674,285	+ 15,413,632	+51.94
Total (51 roads)	210,099,469	146,925,495	+ 63,173,974	+43.00
Total all districts (132 roads)	572,530,962	374,304,616	+198,226,346	+52.97

District and Region Month of April	Mileage 1942	1941	Net Earnings 1942	1941	Incr. (+) or Decr. (—)	
Eastern District—			$	$	$	%
New England region	6,649	6,699	9,200,401	5,555,029	+ 3,645,372	+65.62
Great Lakes region	26,023	26,059	34,467,893	17,654,186	+16,813,707	+95.24
Central East. region	24,224	24,469	43,317,887	19,794,402	+23,523,485	+118.84
Total	56,896	57,227	86,986,181	43,003,617	+43,982,564	+102.28
Southern District—						
Southern region	37,821	38,104	32,707,326	16,016,545	+16,690,781	+104.21
Pocahontas region	6,064	6,076	14,845,899	*182,251	+15,028,150	----
Total	43,885	44,180	47,553,225	15,834,294	+31,718,931	+200.32
Western District—						
Northwestern region	45,616	45,526	17,955,729	14,269,250	+ 3,686,479	+25.84
Central West. region	56,079	56,234	36,020,142	18,118,004	+17,902,138	+98.81
Southwestern region	29,024	29,060	17,276,221	8,798,702	+ 8,477,519	+96.35
Total	130,719	130,820	71,252,092	41,185,956	+30,066,136	+73.00
Total all districts	231,500	232,227	205,791,498	100,023,867	+105,767,631	+105.74

*Deficit.

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

EASTERN DISTRICT

New England Region—Comprises the New England States.

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

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

SOUTHERN DISTRICT

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

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

WESTERN DISTRICT

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

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

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

The Western grain movement for April of the current year was somewhat heavier than that of the corresponding period of 1941. Corn receipts increased 11,056,000 bushels to 26,739,000 bushels, and this gain combined with an increase of 610,000 bushels in oats receipts was more than enough to offset minor downward trends in barley and rye and a somewhat more serious decrease of 4,521,000 in wheat receipts. Receipts of flour decreased 146,000 barrels or from 1,708,000 to 1,562,000 barrels.

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

WESTERN FLOUR AND GRAIN RECEIPTS
Four Weeks Ended April 25

(000) Omitted	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	833	493	8,992	1,373	55	1,086
	1941	794	1,166	8,571	1,331	248	926
Minneapolis	1942	---	4,197	1,236	1,180	354	1,513
	1941	---	5,587	334	982	555	2,182
Duluth	1942	---	1,687	586	13	84	111
	1941	---	1,439	275	33	23	355
Milwaukee	1942	35	2	831	137	50	1,306
	1941	81	10	366	32	24	1,313
Toledo	1942	---	600	319	240	234	17
	1941	---	799	239	449	---	12
Indianapolis & Omaha	1942	---	574	4,905	1,025	10	2
	1941	---	1,000	2,433	690	36	---
St. Louis	1942	488	630	2,374	306	63	126
	1941	524	593	625	340	18	152
Peoria	1942	132	229	3,753	112	69	350
	1941	183	110	1,984	207	94	347
Kansas City	1942	74	2,550	2,771	374	---	---
	1941	126	3,815	633	194	---	---
St. Joseph	1942	---	153	672	275	---	---
	1941	---	113	136	163	---	---
Wichita	1942	---	794	---	---	---	---
	1941	---	1,743	---	---	---	4
Sioux City	1942	---	51	300	25	1	68
	1941	---	106	87	29	2	59
Total all	1942	1,562	11,960	26,739	5,060	920	4,579
	1941	1,708	16,481	15,683	4,450	1,000	5,350

WESTERN FLOUR AND GRAIN RECEIPTS
Four Months Ended April 25

(000) Omitted	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	3,761	2,464	33,128	5,634	1,044	4,628
	1941	3,299	3,525	29,997	4,319	358	4,300
Minneapolis	1942	---	28,279	7,834	9,442	3,689	12,240
	1941	---	15,147	2,741	5,094	2,019	10,852
Duluth	1942	---	9,504	2,726	69	744	1,155
	1941	---	4,058	814	231	98	897
Milwaukee	1942	252	133	3,560	222	364	7,958
	1941	305	105	2,730	137	158	6,308
Toledo	1942	---	2,404	3,296	1,099	273	63
	1941	---	2,692	1,314	2,273	---	31
Indianapolis & Omaha	1942	---	3,932	19,879	3,855	148	32
	1941	---	2,737	11,317	1,910	68	---
St. Louis	1942	2,323	3,367	8,852	1,192	566	808
	1941	2,414	3,571	3,195	1,072	139	574
Peoria	1942	635	650	15,647	534	344	1,205
	1941	792	833	8,991	679	356	1,232
Kansas City	1942	250	12,985	13,241	1,000	---	---
	1941	401	9,314	2,810	528	---	---
St. Joseph	1942	---	954	2,044	1,101	---	---
	1941	---	447	686	671	---	---
Wichita	1942	---	3,758	---	---	---	---
	1941	---	4,936	---	---	---	8
Sioux City	1942	---	357	1,655	280	53	516
	1941	---	462	479	145	4	419
Total all	1942	7,221	68,787	111,862	24,428	7,225	28,605
	1941	7,211	47,827	65,074	17,059	3,200	24,622

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

Month of April	Gross Earnings Year Given	Year Preceding	Inc. (+) or Dec. (—)	%	Mileage Year Given	Year Preced'g
1909	$196,993,104	$175,071,604	+$21,921,500	+12.52	224,625	221,755
1910	225,856,174	197,024,777	+ 28,831,397	+14.63	228,973	223,794
1911	218,488,587	226,002,657	— 7,514,070	— 3.32	236,693	233,082
1912	220,678,465	216,140,214	+ 4,538,251	+ 2.10	236,722	233,057
1913	245,170,143	220,981,373	+ 24,188,770	+10.95	240,740	236,515
1914	236,531,600	245,048,870	— 8,517,270	— 3.48	243,513	241,547
1915	237,696,378	241,090,842	— 3,394,464	— 1.41	247,701	245,170
1916	288,453,700	237,512,648	+ 50,941,052	+21.45	246,615	245,773
1917	326,560,287	288,740,653	+ 37,819,634	+13.10	248,723	248,120
1918	369,409,895	319,274,981	+ 50,134,914	+15.70	233,884	231,755
1919	388,697,894	370,710,999	+ 17,986,895	+ 4.85	232,708	233,251
1920	401,604,695	389,487,271	+ 12,117,424	+ 3.11	221,725	220,918
1921	433,357,199	402,281,913	+ 31,075,286	+ 7.72	220,340	219,743
1922	416,240,237	432,106,647	— 15,866,410	— 3.67	234,955	234,338
1923	521,387,412	415,808,970	+105,578,442	+25.39	234,970	235,839
1924	474,094,758	522,336,874	— 48,242,116	— 9.24	235,963	235,665
1925	472,591,665	474,287,768	— 1,696,103	— 0.36	236,664	236,045
1926	498,448,309	472,629,820	+ 25,818,489	+ 5.46	236,518	236,526
1927	497,212,491	498,677,065	— 1,464,574	— 0.29	238,183	237,187
1928	473,428,231	497,865,380	— 24,437,149	— 4.91	239,852	238,904
1929	513,076,026	474,784,902	+ 38,291,124	+ 8.07	240,956	240,816
1930	450,537,217	513,733,181	— 63,195,964	—12.30	242,375	242,181
1931	369,106,310	450,457,319	— 81,461,009	—18.08	242,632	242,574
1932	267,473,938	369,123,100	—101,649,162	—27.54	241,976	241,992
1933	227,300,543	267,480,682	— 40,180,139	—15.02	241,680	242,160
1934	265,022,239	224,565,926	+ 40,456,313	+18.02	239,109	241,113
1935	274,185,053	265,037,296	+ 9,147,757	+ 3.45	237,995	239,129
1936	312,908,137	274,144,735	+ 38,763,402	+14.14	237,028	238,208
1937	350,958,792	312,822,778	+ 38,136,014	+12.19	236,093	236,389
1938	267,741,177	350,792,144	— 83,050,967	—23.68	233,928	234,372
1939	281,513,409	267,685,764	+ 13,827,645	+ 5.17	233,555	234,739
1940	320,764,087	281,513,409	+ 39,250,678	+13.94	232,924	233,547
1941	374,304,613	320,891,874	+ 53,412,739	+16.65	232,250	232,951
1942	572,530,962	374,304,616	+198,226,346	+52.97	231,500	232,227

Month of April	Net Earnings Year Given	Year Preceding	Increase (+) or Decrease (—)	%
1909	$62,380,527	$50,787,440	+$11,593,087	+22.83
1910	66,725,896	62,409,630	+ 4,316,266	+ 6.92
1911	64,768,090	66,709,729	— 1,941,639	— 2.91
1912	57,960,871	63,888,490	— 5,927,619	— 9.28
1913	60,122,205	58,082,236	+ 2,039,869	+ 3.51
1914	59,398,711	60,024,235	— 625,524	— 1.04
1915	67,515,544	59,266,322	+ 8,249,222	+13.92
1916	93,092,395	67,396,538	+ 25,695,857	+38.13
1917	93,318,041	93,257,886	+ 60,155	+ 0.06
1918	89,982,415	91,678,695	— 1,696,280	— 1.85
1919	44,850,096	89,943,898	— 45,093,802	—50.14
1920	*2,875,447	44,716,664	— 47,592,111	—93.57
1921	57,658,213	1,862,451	+ 55,795,762	+2995.82
1922	80,514,943	57,474,860	+ 23,040,083	+40.09
1923	118,627,158	80,386,815	+ 38,240,343	+47.57
1924	101,680,719	122,974,961	— 21,294,242	—17.32
1925	102,861,475	97,471,685	+ 5,389,790	+ 5.53
1926	114,685,151	102,920,855	+ 11,764,296	+11.43
1927	113,643,766	114,417,892	— 774,126	— 0.68
1928	110,907,453	113,818,315	— 2,910,862	— 2.56
1929	136,821,660	110,884,575	+ 25,937,085	+23.39
1930	107,123,770	141,939,648	— 34,815,878	—24.53
1931	79,144,653	103,030,623	— 23,885,970	—23.18
1932	56,263,320	79,185,676	— 22,922,356	—28.95
1933	52,585,047	56,261,840	— 3,676,793	— 6.54
1934	65,253,473	51,640,515	+ 13,612,958	+26.36
1935	65,305,735	65,252,005	+ 53,730	+ 0.08
1936	78,326,373	65,214,202	+ 13,112,171	+20.11
1937	89,529,494	78,326,822	+ 11,202,672	+14.30
1938	48,713,813	89,532,796	— 40,818,983	—45.59
1939	54,422,823	48,717,237	+ 5,705,586	+11.71
1940	75,627,655	54,422,823	+ 21,204,832	+38.96
1941	100,508,419	75,696,337	+ 24,812,082	+32.78
1942	205,791,498	100,023,867	+105,767,631	+105.74

*Deficit.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 19 a summary for the week ended June 13, 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 13, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	9,604
Number of shares	247,567
Dollar value	9,413,783
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	182
*Customers' other sales	8,789
Customers' total sales	8,971
Number of Shares:	
Customers' short sales	4,527
*Customers' other sales	217,090
Customers' total sales	221,617
Dollar value	7,191,653
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	150
†Other sales	69,860
Total sales	70,010
Round-lot Purchases by Dealers—	
Number of shares	86,540

*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 13, 1942

Lumber production during the week ended June 13, 1942, was 1% greater than the previous week, shipments were 5% greater, new business, 26% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 8% above production; new orders 29% above production. Compared with the corresponding week of 1941, production was 4% greater, shipments, 8% greater, and new business 10% greater. The industry stood at 141% of the average of production in the corresponding week of 1935-39 and 163% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 23 weeks of 1942 was 2% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 10% above the orders of the 1941 period. For the 23 weeks of 1942, new business was 26% above production, and shipments were 15% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 67% on June 13, 1942, compared with 43% a year ago. Unfilled orders were 24% greater than a year ago; gross stocks were 19% less.

Softwoods and Hardwoods

Record for the current week ended June 13, 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	466	466	471
Production	269,271	259,345	266,722
Shipments	290,858	268,809	277,451
Orders	348,140	317,315	275,999

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	377		104	
Production	258,315	100%	10,956	100%
Shipments	276,440	107	14,418	132
Orders	331,841	128	16,299	149

Items About Banks, Trust Companies

It was announced on June 19 that George LeBoutillier, Vice-President of the Pennsylvania R. R. Co., has been elected Chairman of the Advisory Board of the Chemical Bank & Trust Company branch located at 50 Court Street, Brooklyn. Mr. LeBoutillier has served as a member of this board for several years.

On June 18, 1892 (50 years ago), Walter G. Nelson started his banking career as an office boy to James T. Woodward, President of the Hanover National Bank. Since then, Mr. Nelson has been continuously in the employ of that bank and its successor, Central Hanover Bank and Trust Company. From office boy rank, Mr. Nelson was promoted to the loan department, later becoming loan clerk in charge of Wall Street, merchandise and personal loans, and the bank's investments. In 1922 he was appointed an Assistant Cashier and became an Assistant Vice-President in 1929. Recalling the time when, as a 14-year-old boy, he started work at the bank, Mr. Nelson said:

> There were no telephones in the bank for a year or more after I entered. In 1893, came the banking panic and record failures. My daily hours during that period were often from 8:15 A. M. till beyond midnight. At that time we probably had about 90 employees. We kept our gold stock reserve in safes in an iron-door vault, one flight down, where other cash, securities, loans and discount collateral were lodged each night.
>
> On the old Hanover Board in those days were James T. Woodward, President of the bank; William Barbour, James Stillman, William Rockefeller and Isidor Straus.

Thomas V. Hoffmire has been made Assistant Manager of the London office of Central Hanover Bank and Trust Company. Mr. Hoffmire, who has been attached to the London office since its opening early in 1938, was formerly in the credit department of the New York office.

Howard Bonbright, prominent Detroit banker and director of the Briggs Manufacturing Co., died on June 19 at his home at Grosse Pointe, Mich. He was 54 years old. Son of the late William P. Bonbright, former noted banker of New York and London, England, Mr. Bonbright came to Detroit in 1912 to take charge of the Bonbright & Co. office there, according to the Detroit "Free Press" of June 20.

Frank J. McGlinn, President and Chairman of the Board of Mid-City Bank & Trust Co., Philadelphia, announced the resignation of Richard Curtis as Vice-President and Treasurer and Vice-Chairman of the Board. Mr. Curtis resigned to become Assistant Comptroller of the Philadelphia Transportation Co.

J. D. Henderson, Jr., Vice-President of the bank, has been elected a member and Vice-Chairman of the Board. Other changes in the bank were as follows: F. W. Harvey, formerly Comptroller, was elected Treasurer; Charles A. Felt was appointed Auditor, and J. P. Meaney was appointed Assistant Treasurer.

The Grant County Bank, Sheridan, Ark., has become a member of the Federal Reserve Bank of St. Louis.

The new member was organized in July, 1903. It has a capital of $25,000, surplus of $25,000, and total resources of $408,992. Its officers are: J. A. McCoy, President; A. L. Blakely, Vice-President; Coats A. Mitchell, Cashier, and E. N. Johnson, Assistant Cashier.

The addition of the Grant County Bank brings the total membership of the Federal Reserve Bank of St. Louis to 441. These member banks hold 75% of the deposits of all commercial banks in the Eighth District. This is the fourth State bank in this district to join the system since the first of the year. Twenty-one joined in 1941.

George P. Bushnell and Allen P. Stults have been elected Assistant Cashiers by the directors of American National Bank and Trust Co. of Chicago. Mr. Bushnell, says the Chicago "Journal of Commerce," has been with the company for four years and is the author of its official textbook. Mr. Stults entered the employ of the bank in 1933.

The First National Bank, Marshall, Texas, announces with regret the death on June 5 of its President, Walter Leake Barry.

Favors Changes In Reserve Requirements

Before the House Banking Committee on June 17 Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System asked approval by Congress of legislation granting to the Federal Reserve Board authority to change reserve requirements of member banks in central reserve cities (New York and Chicago) without making corresponding revisions for such banks in the 10 other reserve cities. The introduction in Congress of bills to accomplish this change was noted in our issue of June 11, page 2202. According to Associated Press accounts from Washington June 17 Mr. Eccles told the House Committee that Congress should approve that discretion because prospective heavy withdrawals for tax payments and for financing the war deprived the largest banks of the degree of flexibility that the current war situation demanded. These advices added:

> He also proposed elimination of the prohibition against member banks making loans while their reserves were deficient and recommended this regrouping of banks for nominating members of the system's open market committee:
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> The New York City Federal Reserve Bank would have one representative at all times; one would be selected from Boston, Philadelphia and Richmond; another from Cleveland and Chicago; one from Atlanta, Dallas and St. Louis and the fifth from Minneapolis, Kansas City and San Francisco.

Mr. Eccles according to a Washington account June 17 in the New York "Journal of Commerce" by F. J. Falvey, stated that if it became necessary for banks to make increasingly heavy purchases of Government securities, this could be accomplished by reducing reserve requirements. He said that present excess reserves amount to approximately $2,500,000,000 and that these reserves could be utilized for the purchase of approximately $12,500,000,000 of Federal bonds. Mr. Eccles was further reported in the "Journal of Commerce" account in part as follows:

> Mr. Eccles admitted that increasing bank deposits could be inflationary at a time when the amount of goods available for consumption is decreasing. He went on to explain, however, that by reducing reserve requirements by $5,000,000,000 banks would be enabled to purchase an additional $50,000,000,000 in Government securities since the relation between deposits and reserves would be reduced to a ratio of 10 to 1.
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> In addition, Mr. Eccles told the committee that operations of the Federal open market committee could still further increase the ability of the banks to buy bonds. He pointed out that the open market committee could purchase $1,000,000,000 in Governments and increase excess reserves by this amount. The increase of $1,000,000,000 in excess reserves, he said, would support the purchase of an additional $10,000,000,000 in bonds by banks.
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> The Federal Reserve Board chairman also reiterated his advocacy of stabilizing interest rates at 2½% on Government bonds during the war. He said that it would be difficult to finance the war with sales of Government securities at increasingly high interest rates. Such a policy, he added, might cause present purchasers to suffer losses if their securities sold at prices below par while new issues at higher rates were selling at a premium.
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> The Federal Reserve Chairman said it was clear from Congressional hearings and debates that Congress intended the Federal Reserve banks be represented on the open market committee by their presidents. However, Mr. Eccles added, no provision for this was made in the law, and efforts have been made to elect officers of commercial banks to this committee.
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> In order to clarify this situation, Mr. Eccles said he favored an amendment to the law providing that Reserve banks must be represented on the open market committee by their presidents or their first vice presidents. He also advocated a provision which would give the open market committee authority to regulate elections to its own membership.
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> At the present time, Mr. Eccles said, the law provides for the New York and Boston Federal Reserve Banks to elect one member to the open market committee. This, however, has been unsatisfactory, he said, because the president of the New York Federal Reserve Bank has served continuously, while the representative of the Boston bank has served only as an alternate to the New York bank president.

ABA Issues Manual On War Loan Procedure

A further step to increase the credit service of the nation's commercial banks to the production of war goods was taken by the American Bankers Association on June 20 with the mailing to the country's 15,000 banks of a manual on the subject of "War Production Loans under Executive Order No. 9112 and Regulation V of the Federal Reserve System." This is the fourth in a series of manuals published by the Association in the past year and a half, designed to help banks in their efforts to support the various war programs of the government. The first manual was on "Defense Loans," the second on "War Savings Bonds," and the third was on "How Banks Can Assist in the Food for Freedom Program."

The new manual is the outgrowth of the President's Executive Order and Federal Reserve Regulation V issued thereunder, by means of which the War Department, the Navy Department, and the Maritime Commission are authorized to guarantee lending institutions in part or in full against loans made to finance the execution of orders placed with manufacturers by these departments of the government for the manufacture of war supplies.

The purpose of the program contemplated by the President's Executive Order and the Reserve Board's regulation are set forth in the manual. The introduction says:

> The Executive Order of the President, No. 9112, provides a means of financing of industries directly or indirectly contributing to the all out war effort. This authorizes the War Department, Navy Department and United States Maritime Commission to make or to guarantee loans, discounts and advances for the purpose of financing any contractor, subcontractor, or others engaged in any business or operation deemed by these departments to be necessary, appropriate, or convenient for the prosecution of the war, and appointed the Federal Reserve banks as agents of these departments for the purpose of guaranteeing part or all of any such loans, discounts, and advances made by a financing institution where such institution feels that it cannot assume all the risk.

In a letter addressed "To the Nation's Banks," appearing in the Manual, Henry W. Koeneke, President of the American Bankers Association, says, "there are many patriotic manufacturers whose machines and facilities have remained idle because of abnormal credit needs. Emergency provision, however, has now been made for their benefit."

The manual, a 40-page booklet, contains the Executive Order and Regulation V in full text and in briefed form, a copy of the application by means of which lenders secure the guarantee and the full text of the standard form of guarantee agreement adopted by the three services mentioned.

Ill. Bankers' Committees

New appointments to the various committees of the Illinois Bankers Association for the year 1942-1943 were announced on June 17 by Henry G. Bengel, President of the Association, and Vice-President of the Illinois National Bank, Springfield. Each committee is charged with the responsibility of looking after the interest of the membership in its respective field. It will be the policy of the Association, President Bengel stated, for each committee to start its work early and take upon itself at least one important activity possible of accomplishment during the coming year.

Mr. Bengel is Chairman of the Executive and Finance Committees. The other Committee Chairmen are:

Agriculture — Fritz J. Reu, First National Bank, Carthage.

Bank Management — B. J. Ghiglieri, Citizens National Bank, Toluca.

Crime Prevention and Insurance — Sam G. Smith, Neat, Condit & Grout National Bank, Winchester.

Education and Public Relations — Henry D. Karandjeff, Granite City Trust & Savings Bank, Granite City.

Legislation—William H. Miller, City National Bank & Trust Co., Chicago.

Membership — George R. Boyles, Merchants National Bank in Chicago.

State Savings Bank Life Ins. Passes $25 Million

Total savings bank life insurance written in the State of New York crossed the $25,000,000 mark on June 16, according to an announcement made by Judge Edward A. Richards, President of the Savings Banks Life Insurance Fund. Judge Richards also announced the entrance of the Bronx Savings Bank in the system—the 26th issuing bank and the 44th through which policies are available.

"With all the uncertainties of war, the security for the family takes on an added importance in most people's minds," Judge Richards stated. "That many of these people are turning to their savings banks for life insurance protection at low cost is evidenced by the $25,000,000 worth of policies which have been written by the life insurance banks. With the savings available in these low cost policies, the individual can purchase additional War Savings Bonds or set aside emergency funds in his savings account."

Factory workers, says the announcement, by Judge Richards, account for 29% of the Savings Bank Life Insurance applications currently being received, according to a survey just completed. This, it is noted, is the largest single occupational classification. Office and store clerks, salesmen, restaurant employees, domestics, policemen, firemen, housewives and students account for an additional 55% of the applications, with the balance—16%—coming from professional men, executives, and persons with miscellaneous occupational classifications.

Senate To Inquire Into Cotton Market Letter

Referring to Washington news reports of a proposed investigation by Senator Elmer Thomas of Oklahoma into the issuance of market leters that are supposed to have caused a decline in cotton prices, New York Cotton Exchange officials stated on June 16 that the market forecasting service complained of has no connection whatever, either directly or indirectly, with the Exchange, nor, so far as is known, with any of its members. The Exchange in its announcement also says:

> The matter in question came to the attention of the Exchange last week and was promptly submitted to proper Government authorities for investigation.

Reporting Senator Thomas as stating on June 15 that an organized bear raid upon cotton prices had caused a decline of $10 a bale and a loss of $100,000,000 on the 10,000,000 bales in storage, Associated Press advices from Washington said:

> In a statement he said that a special Senate Committee which he heads is investigating an alleged program to depress farm prices. He said the committee had received a complaint stating that a market forecasting service in New York City had advised clients on May 27 to sell October cotton futures and keep all short positions intact until October cotton sold below 18 cents a pound.
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> "At the time the notice and advice was sent out," Senator Thomas said, "October futures were selling around 19.50 cents a pound and immediately a short selling wave started and did not end until the advertised objective had been reached.
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> "This organized bear raid upon cotton farm prices caused a decline of some $10 a bale and a loss on the 10,000,000 bales in storage of some $100,000,000. The estimated loss on the Government stocks of cotton alone amounted to almost one-half that amount."

Swope Made Consultant

Secretary of War Stimson announced on June 18 the appointment of Herbert Bayard Swope as an expert consultant in the Bureau of Public Relations of the War Department. He will be on part time duty. Mr. Swope is a publicist and former newspaper reporter, having worked on the St. Louis "Post-Dispatch," the Chicago "Tribune," the New York "Herald" and the New York "World."