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Pending Bill Would Result In Eliminating Private Interests From Farm Mortgage Field

A direct Federal farm mortgage lending system handling all farm loans in the country and eliminating all private interests from the field would result from enacting the proposed Fulmer Bill (H. R. 7091), it is declared in a special report issued on July 6 by the Farm Loan Committee of the Mortgage Bankers Association of America. The report was released by Frederick P. Champ, Association President, and is signed by S. M. Waters, Minneapolis, Committee Chairman. The committee made an exhaustive investigation of the measure seeking to reorganize the Federal farm credit system. The new Fulmer bill is a revision of the original measure which the Association and many other banking and farm organizations had vigorously opposed. The announcement from the Association says:

"The new bill means that the Federal Land Banks actually would no longer be banks but would become agencies of the Farm Credit Administration in a system of Federally-operated farm mortgage financing, the report said. All stock of the banks and the National Farm Loan Association would be retired at par for cash. These banks, without capital or stockholders, will depend entirely on government appropriations for guaranty funds.

"The National Farm Loan Associations, the report pointed out, will have no fixed income except an ⅛ of 1% from total business and would become merely branch offices or correspondents of the Land Banks."

According to the announcement "present farm borrowers making up membership of the Associations would have no stake in the new system. Future farm borrowers would risk nothing to cover possible losses except the membership fee." It is added:

"Losses will be determined annually and each Association is liable for but 50% of the losses on its business and then only to the extent that special distribution of profits and dividends from the banks and from memberships received in that year will meet that share of the loss.

"The inequities of this plan of

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FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

It is a strange commentary on the Washington propagandists, who are making their money in that new and well-paying industry which has burgeoned in this country—worrying about the complacency of the American people—that the case of a fellow named Elklund has been absorbing the interest of all Washington, war managers and civilian population alike. He was being tried for sniping and killing six colored people. He had been arrested, and hailed in the local press as the "sniper" but nobody paid any attention to the case until one day he escaped, handcuffed, as he was being returned to the District jail. In the meantime, the jury returned a verdict—it so happened a verdict of second degree murder. A Washington paper blazoned the headlines—Elklund jury in; Elklund still out.

That fascinated people. They turned their minds from the war, and the conversation hereabouts, from high officialdom on down, dealt with whether he had been captured or not. Over a period of three days the fortunes of Mr. Elklund held the local newspaper headlines. There is the impression that the Administration was just about moved to say something about it because the question of race was involved. The Administration has been making quite a play of race. Only a few days before Paul McNutt, adopting the party line, had made a speech to a Harlem gathering, saying that it was an "utter outrage" that although Negroes were fighting for our country they were being denied opportunity in industry, and that he and the Administration intended to see that they got this opportunity.

Well, to appreciate the irony of this, you have only to realize that it was concentrated industry's seeking of cheap labor in the early century and its bringing in of Eastern European immigrants, that now has largely to do with the condition we are in. The complaint, as we have always understood it, is that industry looks upon labor as a commodity, a situation that organized labor has not lessened—and that it seeks to buy cheaply. Now, to hear that industry is discriminating against cheaper labor, that it is discrimi-

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Notice To Our Readers

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

GENERAL CONTENTS

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

THE FINANCIAL SITUATION

It is indeed a sorry spectacle that the nation is obliged to witness in the halls of Congress in this year of our Lord, 1942, when the whole world is locked in a deadly struggle from which we ourselves could well fail to emerge unscathed. All the wincing and relenting and refraining, all the petty squabbles over patronage, all the small-minded efforts to get into or to keep in the good graces of the "folks back home," and all the apparent callousness to urgent national problems which even in ordinary times are the curse of election years are startlingly in evidence on Capitol Hill today. It is no less than a national disgrace. It is precisely the sort of thing which tends to discredit democracy, which nonetheless continues to be the by-word of Congressional oratory. Members of the national legislature have on more than one recent occasion shown keen resentment when commentators have had uncomplimentary remarks to make about their conduct, but their own defense has usually left their standing among thoughtful citizens worse instead of better. The pension and the gas rationing episodes did nothing to help matters. The utter inability of these lawmakers to attend to public business in a workmanlike manner at a time like this is, however, worse than any of the other failings which have been apparent of late, worse indeed than all the others together.

A Disheartening Record

It is disheartening enough to find the President of the United States and his close associates and advisers wasting their energy in local political feuds and conflicts, but there is in these episodes, which have been all too plentiful of late, relatively little neglect of public duty at a time when our future calls for a united effort to bring this horrible conflict to an early and successful close. The case of Congress cannot be so lightly dismissed. Consider its recent record in such important matters as taxation, price control, and the management of government stocks of commodities which should never have been acquired. As to taxation, Congress has had before it for heaven knows how long a program prepared for it by the Treasury. Committees in both houses have been stewing and fretting over these proposals and others, and accomplishing almost exactly nothing

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Praise From Caesar

During this calendar year the factories of the United States will turn out war goods of one kind or another to a value of approximately $45,000,000,000. Next year I expect that that figure will rise to $70,000,000,000 or $75,000,000,000, at current prices.

In this great program a major role had been assigned to the automotive industry. Contracts for rather more than $8,000,000,000 worth of war goods had been placed with this industry by the end of April this year; more than $5,000,000,000 of that total were placed after Pearl Harbor.

Yet that is little more than a beginning. When the peak rates of production are reached under present plans this industry will be producing war goods at a rate of approximately $12,000,000,000 a year. This is three times as large as the industry's estimated 1941 sales of $4,000,000,000, and it will represent approximately one-sixth of the entire war production effort of the whole United States.

Those are amazing figures, and I think that every one connected with the automotive industry is entitled to feel a great deal of honest pride in the fact that such great reliance can be placed upon this industry in our time of national peril.
—Donald M. Nelson.

This is indeed praise from Caesar—and well deserved. Remember the days of the Reuter Plan, and all the rest?

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WPB Reorganized; New Deputies Appointed

Donald M. Nelson, Chairman of the War Production Board, announced on July 8 a realignment of the WPB designed "to tie the economic and military strategies more closely together and to make more effective the board's determinations of policies and programs governing the flow of materials."

Mr. Nelson said that under the reorganization the WPB will keep a balance of the allocation of available supplies of materials between the armed forces and the civilian economy.

He revealed that, except for the smaller plants, the country had completed its industry conversion in the war effort and that the major task now is production since the "tooling-up" period is over.

William L. Bath and James S. Knowlson were appointed Deputy Chairmen of the WPB by Mr. Nelson. Mr. Bath, who was Chairman of the Requirements Committee, will act as Mr. Nelson's "chief of staff," while Mr. Knowlson, former Director of Industry Operations, will have charge of the production program development work.

All of the operational work—including the industry and material branches, appropriate bureaus and the field organization—is brought together under a Director General of Operations. This post was given to Amory Houghton, formerly Deputy Chief of the Bureau of Industry Branches.

Mr. Nelson said that the reorganization has the following five objectives:

"Clear the decks to make controlling and expediting the flow of materials the Board's central effort.

"Bring the Board into closer touch with military and international productuion requirements, and increase the Board's activities in over-all war production strategy.

"Strengthen the "topside" policy, programming and progress-reporting organization of the WPB.

"Concentrate the operating parts of the WPB under one head and put increased emphasis on the work of industry and commodity branches.

"Lighten the administrative load upon the chairman so that he can devote his time to essential policy decisions and to the increasingly important relations of the WPB with the other war agencies."

Opposes Steel Wage Rise

President Roosevelt at his press conference on July 7 was reported to have indicated his disapproval of a general wage increase for workers in the "Little Steel" industry. The President said that such a wage rise would be a factor in increasing the cost of living and hence would conflict with his anti-inflation program.

The War Labor Board has the case under consideration. A fact-finding panel recently expressed its approval for a $1 a day wage increase asked by the CIO's United Steel Workers.

OPA Subpoena Power

Price Administrator Leon Henderson on July 7 granted OPA regional administrators power to sign and issue subpoenas in rationing investigations.

The action, it is said, will permit OPA to require concerns being investigated to produce books, records and other physical evidence, as well as company officials.

Editorial—

Framing the Great Alibi

From the outset the fight against inflation, such as it is, has been maladroit and one-sided. Recently, when it also began to be apparent that the fight might fizzle completely, the Administration's leaders began to lay the ground for their alibi, and decided to pick the goat to blame for the failure. Congress won the nomination. Not until the American public understands this fundamental fact will it grasp the full import of all the fulmination against Congress recently indulged in by Leon Henderson, and even by the President himself.

It is necessary that the public understand that Congress is not solely, or even chiefly, to blame for the inadequacies of the anti-inflation fight. This is essential not only in the interest of fair play, but also because it is not too late even now to frame a sound policy that would avert much of the danger of inflation.

Congress does rightly deserve blame for failing to enact sound fiscal measures, and for its blind insistence upon the high-priced policies of the selfish and unseeing farm bloc. But it is even more to be blamed because it has been gulled by Administration strategy. At least twice it has allowed Henderson and the President to jockey it into the position of seeming to be the only foe, the only obstacle to a successful rout of the inflation menace.

The first occasion when this happened came during the debate on the price control law. Most students branded this law inadequate and unfair when it was first introduced. Yet when the farm bloc began its greedy fight for even higher prices than the measure would have allowed, public attention shifted from the many deficiencies in the bill, and the Administration to a great extent was able to implant in the public mind the thought that Congress was holding up the fight on inflation.

Henderson has set the same trap for Congress in the current debates over the appropriation for the OPA, and Congress again seems likely to fall for the bait. Actually, Congress had a good case against the Henderson fund request, one that could have been successfully defended before the Nation's voters. The public would not have sympathized with the army of 60,000 or 100,000 "snoopers" which Henderson wished to saddle on the Federal payroll. Too, the public probably would have sided with Congress in disapproving of the Henderson plan for subsidizing businesses pinched by the OPA general price ceilings. They would have believed that such subsidies would have handed too great a control over business into the hands of the Price Director.

But Congress was unable to keep the debate focused on these crucial issues. Instead, the voracious farm bloc seized upon the appropriation bill as one more occasion to boost farm prices at the expense of the consumer and attached a rider to give the Secretary of Agriculture veto-power over Henderson's actions. This gave Henderson an opportunity, which he immediately seized, to shift attention from the issues of a bureaucracy of snoopers, and the subsidy issue to the question of fair prices for the consumer.

Thus, Congress continues to let issues slip from its hands, mainly because it allows the farm bloc a free rein, and as a result it seems likely to become the scape-goat for the failure of the anti-inflation fight. Actually, even the briefest of summations will show that it is the Administration which must and should bear the blame.

Certainly, the Administration at no time has ever presented to Congress a program that could fairly be expected to avert inflation. And on some occasions when Congress seemed about to take a step that would have helped immeasurably to win that inflation fight, the Administration stepped in and blocked the action.

As a case in point, consider taxes. The real cause of inflation is the excess of purchasing power, over and above the diminished volume of goods available for consumption. Henderson figures that this excess, or "inflation gap," will amount to $17,000,000,000 in 1942, and Jesse Jones has just estimated that the excess might reach the startling total of $30,000,000,000 in 1943.

Easily the most effective method of sopping up this excess to keep it from forcing up prices is the imposition of heavy taxes upon the sources of the excess, which means taxes upon wages and salaries of war workers, and upon profits of war industries. While the Administration has endorsed heavy taxes upon business, it has steadfastly opposed taxing the wage earners. Only its opposition prevented enactment of the sales tax which so many authorities consider the only effective method for reaching the lower-bracket beneficiaries of war spending. Nor has it ever supported a payroll deduction tax upon the lowest incomes (although the Treasury has favored payroll deduction for taxes upon present income tax payers).

Similarly the Treasury has persistently refused to endorse any other method of absorbing the excess of purchasing power in the hands of workers, such as compulsory investment in war bonds. It has maintained this position even when it was patent to many critics that voluntary bond sales would not absorb half of the 1942 inflation gap.

What is far worse, the Administration was at the same time granting wage demands to war workers that tended to widen the inflation gap and aggravate the problem. Its refusal to oppose the wage demands of the unions, its opposition to the enactment of a freezing law applicable to wages are factors explaining why the farm bloc could continue to demand that "farmers get theirs also."

In fact, even the actions of the farm bloc leaders in Congress trace back to the Administration. It was the Administration, not Congress, which decided farm prices must be raised early in 1941. It was the Administration, not Congress, which first introduced the technique of boosting farm prices by the crop loan method, a method which was used in 1941 at the urging of the Administration. It was only after the farm bloc seized upon the ideas and techniques of the Administration to seek 100% of parity instead of 85%, and then 110% and 120% instead of 100%, that the Administration parted company with the bloc.

Yet in pushing these demands, where did the farm bloc gets its inspiration? In the spring of 1941, the unions obtained a 10% wage increase, with the aid and encouragement of the Administration. And in the spring of 1942 they came back for a $1 a day further rise. If the anti-inflation fight did not bar these wage boosts, why should it bar successive boosts in farm prices?

Look at each hole in the inflation dike and you will see an Administration failure. Each error of omission and commission by Congress can be traced back and laid to the Administration's door, to its failure to adopt a fair, and all-inclusive program, a program that requires wage earners to sacrifice their increases, farmers their premium prices and businessmen their profits, which calls for taxes that will soak the increased incomes and not just merely pile new burdens upon business. If Congress had insisted upon such a program at the outset, and if it insisted upon it now, it could make the Administration the goat of the inflation fight.

But if the legislators ignore this major issue and play the game of the greedy farm bloc they will probably be identified in the public mind as responsible for the failure of the inflation fight—and they will be held liable at the polls.

Price Rise Preferable To Subsidy Policy

In answer to the query as to whether or not there is any difference between paying subsidies to an industry which is adversely affected by rising expenses, and letting the price of the industry's product rise, Dr. Lewis Haney, Professor of Economics at New York University, had the following to say recently in the columns of the New York "Journal American":

"From the beginning of scientific economics the leading economists have opposed subsidies. No better criticism has ever been made than that presented by the famous father of political economy, Adam Smith. The only defense of subsidies has come from economists who represent backward or decadent nations and industries. These have vainly argued that by giving crutches to their weak industries, those industries could learn to walk.

"Such an argument, however, is like the argument for our pump-priming. Unless you create conditions of supply and demand that are favorable, the expenditure will never be more than a temporary and costly stimulant.

"Originally, the OPA proposed to 'roll back' the burden of fixed retail prices till it fell on the manufacturer. Then if the manufacturer couldn't bear it he might be subsidized. Congress opposed this policy, and it was not adopted. But the Administration has kept after its scheme, and not long ago Senator Brown of Michigan introduced a bill for it. Now Congress seems to have become somewhat more friendly to the proposal. Such industries as oil, sugar, and clothing have been especially in mind.

"In the first place, note that subsidies do not help to prevent 'inflation.' They merely change the form of inflation. Instead of paying higher prices for, say clothing, we pay higher prices for the Government activities in subsidizing the clothing manufacturer. In one case, the price rises enough to cover the increased costs of production, and you and I pay when we buy a suit or coat. In the other case, our taxes are raised and we are forced to give or lend more money to the Government so that it can pay large subsidies to producers who can't make money at lower fixed prices.

"In the second place, the subsidy does not 'hit the spot' as the price rise does. Everybody who is a taxpayer or bondholder has to bear the cost of the subsidy. Only those who are buying the particular product bear the rise in its price.

"Accordingly, the subsidy policy does not tend to establish any equilibrium between production and consumption. It promotes costly production. It encourages wasteful consumption.

"It is like the New-Deal 'social security,' only this time the 'relief' would be given to the enterpriser. Businessmen, however, should be the last to fall for such paternalism.

"The subsidy policy means a further injection of politics into business affairs. If we want to win this war, be military experts, direct the fighting and let business men direct business."

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Sees End Of Luxuries Here By Close Of Year

Secretary of Agriculture Wickard declared on July 6 that "by the end of this year it will be difficult for citizens of the United States to purchase any luxury goods—or, for that matter, anything beyond the essentials of living." Mr. Wickard went on to say that "taxation is heavier, credit facilities sharply curtailed and citizens are asked to buy War Bonds instead of luxuries."

Speaking before the Second Inter-American Conference of Agriculture at Mexico City, Mr. Wickard cited war sacrifices being made in the United States listing among these stoppage of production of automobiles, tires, electric refrigerators, washing machines, radios, vacuum cleaners and other electrical devices, as well as non-essential consumer goods containing steel, rubber, copper, tin, nickel, aluminum and other critical metals. The Secretary stated that "we must increase production despite shortages of labor, farm machinery and fertilizer," and added that these valuable assets cannot be wasted on non-essential or surplus crops.

The serious economic problem now facing the Western Hemisphere, Mr. Wickard said, is that the pre-war surpluses of wheat, cotton, coffee and other basic crops are increasing, while there are deficits of other agricultural products. He said ways must be considered to alleviate this problem.

Secretary Wickard further declared:

"For economic reasons also we must continue our efforts to deal with surpluses. Movement of many items will be curtailed, even though markets are still theoretically open. The limiting factor is shipping. We are rationing sugar in the United States, although there is sugar in this hemisphere to meet our normal requirements plus a large part of the needs of Britain and Russia. The sugar is available, but there are not enough ships. Movement of coffee and bananas is becoming more difficult. Wheat is piling up in Argentina, and the United States.

"This difficult shipping situation is not primarily caused by sinkings. Ships have been lost but the greater loss has been in shipping efficiency. Ships move at much slower speeds in war zones. Cargo handling at ports is more difficult. Many merchant ships have been diverted to transport duties, moving troops and maintaining supply lines. Every change in war strategy means a change in ship movements.

"I see no likelihood that the shipping situation will so improve in the year ahead that we will be able to move anything but the essentials. Shipping authorities must grant priorities on the basis of war needs. There will be a rising volume of tonnage available, but the new ships will be used to move ever-larger quantities of war materials and ever-larger numbers of fighting men. They will be used to increase our striking power and thus hasten victory."

In conclusion Mr. Wickard said:

"In planning for the future, let us think in terms of increases rather than curtailment. Production of surpluses is wasted energy in wartime, chiefly because there are so many deficits. There are deficits in peacetime as well. As agriculturalists, our objective should be to divert our labor, our capital, our machinery and the fertility of our land to production of the commodities most needed.

"In planning for a post-war agricultural economy, we cannot overlook the nations of Europe. It will be some time after the war before they can resume full-scale production, for their lands have been wasted, their machinery and draft animals taken from the land, their livestock herds and poultry flocks greatly reduced. The immediate problem when the war ends will be relief; the nations of this hemisphere will be able to prevent large-scale suffering and starvation by prompt action. The plans for action should be ready.

"But relief is only an expedient; reconstruction is the chief problem. It seems to me that we should be able to make some recommendations as to the nature of that reconstruction.

"The design of European agriculture since 1919 did not encourage peaceful trade. Great efforts were made to make Europe self-sufficient in essential foodstuffs. Wheat, for example, was produced on land better suited to other uses, and protected by high tariff walls to keep out lower-cost wheat from abroad. The people of Europe paid more for their bread, and were unable to buy enough of the protective foods their land could have produced. The problem of surpluses will be lessened if the post-war economy encourages production of the crops to which each production area is best suited. The result will be a sounder world agriculture and trade, and a better living for the people of all the producing countries."

THE FINANCIAL SITUATION

(Continued From First Page)

for a long while. Now that modifications have been made which apparently are expected to take some of the political curse from the measures, and versions advanced in each house, comes word from Washington that "sentiment" in Congress for doing nothing at all until after the elections is growing.

Henderson vs. Congress

For weeks on end a feud has been stewing between Leon Henderson and both branches of Congress. It is not yet clear how nearly Mr. Henderson will come to obtaining what he wants either in terms of funds or in freedom of action in attempting to regulate prices. We can well understand why any intelligent and conscientious Congress would be reluctant to do what Mr. Henderson demands, and we still cling to the hope, if nothing more, that sound motives at some points at least have been responsible for the difficulties that he has had and is having with Congress. Nothing is to be gained, however, by shutting the eyes to the utter lack of constructiveness in the attitude and the actions of Congress in this matter, or to the many reports, apparently well authenticated, that one of the difficulties has lain in Henderson's failure to play the patronage game according to the usual political rules. The difference between the amount of money Mr. Henderson is demanding and whatever he finally fries out of Congress is not the difference between constructive action on the issue involved and unworthy action. Neither would omission of the special provisions some of the *soi disant* friends of the farmer would insert into the measure render any bill now in contemplation sound and acceptable to thoughtful patriots.

Agricultural Controversies

The controversies which so long deferred the regular agricultural appropriations that stop-gap legislation became necessary were certainly not of a sort to reflect credit upon Congress. On the contrary, the chief objective of legislators appeared and still appears to be currying favor with those agriculturists, or their organization leaders, who would wring a profit out of the war—precisely the type of action so heatedly condemned by these same farmers and their friends when taken by other groups in the population. Nowhere at any time has Congress shown any earnest disposition to proceed constructively with the problems which past sins —its own as well as those of the Administration—have brought into being. The truth is that in most recent instances thoughtful observers, if compelled to pass judgment, would have been obliged to give a verdict in favor of the Administration as concerns these agricultural issues—and that is certainly no compliment to Congress.

Unheeded Opportunity

What Congress somehow appears to be constitutionally unable to understand is that rarely if ever has opportunity been so great for real statesmanship in any of these or related fields, and that, if the American people are half as ready in these troublous times as we suspect they are to follow sound and vigorous leadership, members of that body who must face the electorate this autumn have consistently overlooked the surest way of winning those votes concerning which they appear so anxious. Neither the Treasury nor any other office, organization or individual of influence has presented a tax program, for example, which even approaches the needs of the times. More men are employed in this country than ever before in our history, and they are earning more than they ever did in their lives before. What a source of much needed revenue from the very sources most likely to breed that "inflation" that both Congress and Mr. Henderson so much fear! Yet no serious effort has been made in any quarter to tap it. The field is, and has been right along, wide open for any member of Congress, or any group in Congress to prove himself or themselves statesmen of the first order of merit, and, we believe, to win the confidence of the American people. So also with matters that have to do with price fixing. Congressmen apparently fear rising prices as they do the plague, yet they must be aware that any scheme of holding prices rigidly down in defiance of violent economic forces must end in fiasco or worse. The trouble seems to be that no one has either the acumen or the courage to take the steps which lessen the strength, so far as may be, of the forces generated by artificial war conditions, and certainly no one has had the temerity to point to the obvious truth that rigid control of virtually all prices, even if successful, carries with it dangers of the first order of magnitude.

As to agriculture, the record of Congress has been unspeakably bad. Its chief idea apparently has been to "get something for the farmer," and since Pearl Harbor much of its attitude has been little less than a stench in the nostrils of thoughtful men with the good of their country at heart. Even the Administration, which has always gone far enough in all conscience to make friends of the farmers, has had the good sense to see that the situation has changed, and that this is most certainly not the time for the farmers, or their political allies, to attempt to get the last farthing from the public. How we do need a forceful, constructive leader somewhere who is willing to call a spade a spade in discussion of agricultural questions. What an opportunity many a member of Congress has missed and is still missing!

It is this utter incompetence of Congress which made possible the rise of the New Deal with all of its madness. The people were starved for bold leadership, and once it was provided, even though it was false leadership, they were irresistably attracted to it, and since Congress was wholly wanting in this respect, it naturally sank into the pit in which it now mills about. The United States Senate was once, acording to Lord Bryce, the greatest deliberative body in the world. It may be that before we again are able to develop sound leadership in public affairs we shall have to do something quite radical about Congress—even unto revolutionary changes in the ways in which members are selected.

Real Estate Survey Finds Prices Rising

War conditions have decreased real estate turnover, but selling prices for real estate are higher today than they were a year ago in more than half (56%) of the cities of the country, and the trend is expected to continue, according to the 39th semi-annual survey of the real estate market, compiled by the National Association of Real Estate Boards. In only 8% of the cities surveyed has the war, it is noted, in draining away normal business, brought a price drop. Defense areas, which now include most of the large cities, have the best story, all along the line, says the Association which says that there real estate prices have advanced in 64% of reporting cities, are under last year's level in only 4% of the cities. The survey covers 301 urban areas. Made from confidential reports of local member boards of the Association, it finds this situation at the end of half a year of war:

"The real estate price rise has been a median of 10%.

"War restrictions have narrowed the volume of transfers. While in 57% of the cities turnover is at least as heavy as it was a year ago, the rate has decreased in 43% of the cities, and significantly, in 41% of the defense areas.

"Demand for single-family dwellings has become greater than the supply in 64% of the cities of the country, and in 71% of the defense areas. This is in many ways the most significant fact uncovered.

"Apartment space is not so tight. However, an undersupply of apartments is reported in 52% of all the cities of the country, and in 61% of the defense areas.

"As a result of tire, auto and gas bans, near-in urban residential areas are beginning to experience a lift in real estate prices. The price job is observable in 78% of the very largest cities, and in 44% of all defense areas.

"Usable industrial space is still available in 74% of the cities reporting and in 73% of defense areas, but there is need for remodeling or reconditioning industrial space in 44% of defense areas.

"The private home building industry, almost paralyzed for a time even for defense housing, in many localities, by the lumber ban, now modified, and by stoppage of FHA financing, relieved by recent amendments, is definitely ready and able to meet the demand for war housing, if given its promised chance, where dwellings will be permanently needed. This the local boards emphatically report.

The Association further reports:

"Retail business space, affected by the ban on sale of various civilian goods, is somewhat in excess of current demand in 45% of the cities of the country and in 38% of defense areas. An equilibrium between supply and demand is the happy situation in 57% of the areas. There is a shortage of business space, however, in 5% of the cities of the country, both in defense and non-defense areas.

"Office space is in equilibrium in 56% of defense areas. There is some surplus square footage in about a third of the cities, but on the other hand a shortage has sprung up in 10% of these defense areas. For all the cities of the country, 39% report oversupply, 8% are short.

"The outlook for the next six months is dominantly for further rise in real estate prices, the survey finds, but the turnover will probably continue to decrease. Higher prices are predicted as war's effect on real estate in confidential reports on 42% of the cities of the country, 57% of the largest cities, and 46% of defense areas. Prices at least as high as the present level are predicted in 90% of the cities of the country, and in 92% of defense areas.

New Consular Office

The State Department at Washington announced on July 4 that a consular office will be opened in Mombaza, Kenya, East Africa. It will be in charge of Ralph Miller of New York, who is at present second secretary of the Havana (Cuba) Embassy.

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The State Of Trade

Business activity showed only a slight contraction during the holiday week. The Edison Electric Institute reported a 1% decline in electric power production for the week ended July 4th, compared with the previous week, although output continued well above comparable 1941 figures.

Total distribution for the week was 3,424,188,000 kilowatt hours, compared with 3,457,024,000 the previous week and 2,903,727,000 a year ago according to the Institute.

Carloadings for the week ended July 4, were 753,855 cars of revenue freight. This was a decrease of 99,586 cars, or 11.7%, compared with the preceding week, an increase of 13,496 cars, or 1.8% compared with a year ago, and a decrease of 116,686 cars, or 18.3% compared with 1940.

Betterment in the scrap situation and completion of furnace repairs on some units accounts for a rise of 1.4 points in steel production this week to a rate of 99.1% of capacity, against 97.7% last week, the American Iron & Steel Institute announced. The current rate indicates an output of 1,683,300 net tons for the week, against 1,659,600 a week ago and 1,572,900 tons in the like 1941 week.

One of the chief problems which will confront the steel industry in the next six months is that of obtaining sufficient skilled labor, "The Iron Age" asserted in its mid-week survey. Despite efforts taken so far by the Government to keep essential production workers in their jobs, the magazine reports, industry is becoming more concerned each week over the drafting of sometimes irreplaceable labor.

"While draft boards have acknowledged the vital part played by various craftsmen in steel and other industries, other boards have shown less discretion and have taken key men for the services," the survey observes.

Engineering construction awards for the week totaled $401,603,000; the second highest weekly value ever reported. It was also the second highest week of the year. The all-time record to date, $434,955,000, was established in the week of May 7 of this year.

This week's total is 84½% above the preceding week's total and 34% above the corresponding high week of 1941 which totaled $298,718,000.

Retail trade improved slightly this week under the influence of clearance promotions and more favorable weather conditions, but still lacked the drive of buying in the earlier months of the year the weekly review of Dun & Bradstreet, Inc., reported. Buying in the wholesale markets was conservative, in marked contrast to last summer's rush to accumulate inventories.

Retail trade this month may not show much of a dollar gain over the same month last year, observers state. For one thing, sales during July of last year were gathering considerable momentum as consumers began to spend heavily in anticipation of shortages and excise taxes. The Federal Reserve Board index of department store sales rose to 115% of the 1923-25 average in July and then went to a record of 134 in August.

It is stated that gasoline rationing on the Eastern seaboard is cutting down shopping trips. The more rigorous credit terms are reducing hard goods sales even where supplies are still available. Furthermore, the forthcoming freezing of many charge accounts will tend to restrict buying.

Surveys made by a number of retail organizations indicate that as many as 15 to 20% of all charge accounts are likely to be frozen. As consumers pay off these accounts, their purchases of other goods will tend to be restricted, observers state.

The trend of insolvencies which has been steadily downward in recent months, is likely to be reversed over the next several months, informed observers believe. The rate of business failures has now declined to a near-all time low.

Failures during June, for example, were at the rate of 46 out of every 10,000 concerns in business, according to Dun & Bradstreet, Inc. This compared with a rate of 45 out of every 10,000 registered during January, the lowest rate since the depression years.

Expectations of a higher rate of insolvencies are based directly on the likelihood that a large volume of small manufacturing concerns that cannot be fitted into the war effort will face liquidation over the next several months. War Production Board officials are expressing skepticism as to the number of concerns that can be brought into the war effort by the Smaller War Plants Corporation. Legislation now being considered would help tide over some concerns. The speed with which this legislation is passed will have a good deal to do with the rate of insolvencies later in the year, it is believed.

The extent to which war production now dominates industrial activity is indicated by a Federal Reserve Board estimate that almost 50% of the board's industrial production index is now war production.

A further sidelight on what has been happening to the nation's economy is the estimate that war production, in terms of points in the total index, rose from 32 to 88, whereas civilian production declined from 127 to 92. This reveals both the sharp expansion in war production and the dramatic shrinking in civilian goods production.

Wrangling continues over the price control effort. The Senate action in restricting OPA control over food prices, if enacted into law, will deal a serious blow to the entire anti-inflationary program, informed observers state. This action by the Senate following on the heels of House action to withhold operating funds from the OPA, indicates an apparent attempt by Congress to wreck the price control effort.

It is pointed out that food costs constitute about 30% of the wage earner family's budget. Consequently a rise in food costs is reflected promptly in living costs. A rise in living costs would of course, increase pressure by organized labor for higher pay, thus imperiling the present price structure, it is pointed out.

The restrictions on control of food prices are held to be more dangerous to the price control program than the withholding of operating funds. If Congress withholds funds, the shortage presumably can be made up from the President's Emergency Fund or through the use of volunteer workers. It is asserted, however, that curtailment of the OPA's power over processed foods would push prices up.

Military Court Opens For Nazi Saboteurs

President Roosevelt on July 2 appointed a military commission of seven generals to try eight alleged Nazi saboteurs who were recently arrested after landing from submarines on the coasts of Long Island and Florida.

The Military Commission, headed by Major General Frank R. McCoy, convened in Washington on July 8 and began its proceedings. Although the trial is secret members of the press were permitted to inspect the courtroom at the fourth day's proceedings (July 11). Counsel for both sides stated to the Commission on July 10 that the great volume of evidence to be introduced was expected to prolong the trial. The President directed that the prosecution be conducted by Attorney General Francis Biddle and Major General Myron C. Cramer, the Judge Advocate General of the Army, and that counsel for the defense be Colonel Cassius M. Dowell and Colonel Kenneth Royall.

Besides Major General McCoy, those named to the military commission are, Major Gen. Walter S. Grant, Major Gen. Blanton Winship, Major Gen. Lorenzo D. Gasser, Brig. Gen. Guy V. Henry, Brig. Gen. John T. Lewis, Brig. Gen. John T. Kennedy

It is believed that the death penalty will be sought by the government.

Mr. Roosevelt on July 2 also issued a proclamation "denying certain enemies access to the courts of the United States," explaining that "the safety of the United States demands that all enemies who have entered upon the territory of the United States as part of an invasion of predatory incursion or who have entered in order to commit sabotage, espionage or other hostile or warlike acts, should be promptly tried in accordance with the Law of War."

Finds Public Suffers From 'Fear' Phobia

"The greatest and strongest nation in all history" is suffering from "fear" complexes, Walter D. Fuller, Chairman of the Board of the National Association of Manufacturers said on July 2 while addressing the National Education Association Convention at Denver, Colo. "The polls show that a high percentage of people do not have enough solid faith today in our way of life to face the tomorrow of 'after the war' with courage and confidence," said Mr. Fuller, who added that "it is this fear of the future that is the last remaining bottleneck of all-out war production." He continued, "It is this fear that after we have licked Germany and Japan we will find that we in turn have been licked by a bigger than ever depression. It is fear that the production line of today leads only to the bread line of tomorrow. It is fear of the ghosts of idle men and idle plants and idle money.

"If we could banish this economic fear from the minds of the American people, we would break our own amazing records in production of the tools of victory, and we would have half of the battle of the post-war era already won."

When describing the "hidden power in our democracy and freedoms" with which to combat the fear for the future, Mr. Fuller said:

"It is power to accomplish miracles. There is hidden power in freedom of opportunity in America, the freedom to experiment, explore, invent and adventure that no coddling under superstatehood can begin to match. There is hidden power in our freedom of press which knits the pattern of national unity and progress through truthful information and common understanding that no Gestapo can marshal and no Goebbels can destroy. There is hidden power in freedom of enterprise which constantly batters at the frontiers of new products, new methods and new opportunities."

A six-point program "to the end that we win the wars against Fascism and depression" was suggested by Mr. Fuller. He called upon industry and education to cooperate:

"1. That everything which will contribute to an American victory in this war be given a clear green signal.

"2. Since a program of post-war prosperity will encourage war production now and aid in winning the peace, such a program should be encouraged in every way that does not interfere with our victory effort. Especially should our esential freedom be safeguarded in this war to preserve freedom and democracy so that they may be our strength and hope in the future.

"3. That since the problems of the post-war period depend upon the solution of social and economic problems, cooperative effort of educators and industrialists and other groups be encouraged and continued.

"4. That the vital functions of education in the American way of life, both during the war and thereafter make mandatory adequate public financial support for educational institutions.

"5. That since maintenance of democratic principles depends upon the teaching of the necessity for preserving our freedoms, industry should offer all possible aid to educators in the furtherance of their program.

"6. That future prosperity depends largely upon acceptance of the principle of unfettered, abundant, competitive production combined with aggressive selling and marketing and that a broader understanding of the fundamentals of our economy be developed. That in fostering such an understanding, every effort be made to discourage false doctrines of economic control and planning as well as legislative actions which would weaken the power of our freedoms."

AEF Is To Get Lend-Lease Supplies

The War Department announced on July 5 that lend-lease operations have been expanded to permit cashless acquisition of services, facilities, equipment and supplies by United States Army forces from the governments of foreign countries in which they are located. United Press, Washington, advices of July 6 said:

"New regulations set up machinery to carry out what is described as "lend-lease in reverse."

"Instead of making purchases from foreign firms and individuals through regular market channels, Army representatives abroad will deal directly with representatives of foreign governments.

"These governments, it is expected, will undertake to supply as much of the needs of the American forces as they can within the limits of their ability as a matter of reciprocity under Lend-Lease arrangements.

"Thus it was expected the new arrangement largely will eliminate purchases by the Army directly from private suppliers abroad.

"Under the new regulations such items as are obtained from foreign governments will be inventoried and evaluated. Receiving units will send in regular reports to the Adjutant General of the Army and to the International Division of the Services of Supply. These transactions will be consolidated six times yearly and the foreign governments concerned will receive appropriate credits against their lend-lease accounts with this country.

"The new program is designed to bring about a more equitable distribution of the cost of war among the United Nations by what is in effect a big-scale barter system, and to save transportation by supplying as many requirements as possible from sources close to where American forces are serving.

"The new procedure is expected to simplify considerably bookkeeping detail in connection with foreign purchases and in many instances speed up supplies.

"It was understood certain phases of the program are still under negotiation with some of the foreign governments concerned.

"Heretofore, supplies and services obtained for American troops abroad from United Nations governments have been acquired against receipts issued to those governments but with no final disposition of the charges. Supplies and services obtained from private suppliers were commercial transactions wherein the U. S. Government made actual purchases and cash settlements, putting up dollar exchange to cover such items.

"Most supplies, of course, have been shipped from this country, including regular weapons, transport, clothing, equipment and much of the food.

"It is desirable from the standpoint of equitable distribution of war burden and to save shipping time and space to obtain everything possible locally, officials said."

War Risk Insurance For Bank Funds Soon

War risk insurance protecting banks against losses in money and securities as a result of air raids or other enemy action, or defense operations of the United States armed forces, will in all likelihood be made available by the War Damage Corporation within the next month or two, according to the Insurance and Protective Committee of the American Bankers Association. In a letter sent by the committee to the Association's membership, it is pointed out that insurance against loss or damage to real estate on which banks hold mortgages, as well as banking premises, is now available through the War Damage Corporation. The letter suggests that banks interested in this type of war damage insurance should consult insurance brokers and agents, who will prepare applications for policies. Financial institutions in the coastal areas and other regions are requesting mortgagors to apply for and carry WDC insurance on mortgaged real estate, the letter states. "Whether mortgagees have the right to compel mortgagors to pay for such insurance depends upon the wording and intent of the mortgage agreement," it says. Should mortgagors decline to carry WDC policies, the committee points out in its letter, Rule 10 of the regulations of the War Damage Corporation provides banks with an opportunity to protect their mortgage interests. The letter says: "Under this rule, banks and other financial institutions may purchase blanket coverage to protect their interests in real estate mortgages, chattel mortgages held as collateral to consumer credit loans, and other property constituting collateral for commercial loans."

Although money and securities of banks are specifically excluded from insurance coverage under present regulations of the War Damage Corporation, the Association's Insurance and Protective Committee stresses in its letter the likelihood that insurance of these intangibles will be made available by the WDC as soon as conferences between representatives of the Committee and the Corporation's officials are concluded. The letter adds: "Such protection has been the subject of several conferences in recent months, and we believe it will be made available to interested banks."

The Committee's letter encloses a copy of the regulations, rules and insurance rates established by the WDC, for guidance of Association members who wish to secure war risk protection.

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President Says Sub-Parity Grain Sale Is Vital to the War Time Effort

President Roosevelt on July 3 entered the Congressional controversy relative to the Agriculture Department appropriation bill, concerning sub-parity grain sales and funds for the Farm Credit Administration, by stating that the only real issue involved is "whether the government should be free to use its feed resources to produce food for the wartime effort."

The House and Senate have been deadlocked for some time over the matter of permitting the sale of 125,000,000 bushels of wheat at 85% of corn for feeding purposes. The House farm bloc has been insisting on full parity price. On the question of FSA funds, the Senate voted $222,800,000 but the House only voted $127,000,000.

The President assailed "certain selfish and power-hungry groups" and declared that "pressure group tactics will not prevail" when the real issue becomes clear. The President, among other things, said:

"The approval of the Senate recommendations of the Farm Security Administration program are, in my judgment, essential to the nation's war effort. They are minimum."

Mr. Roosevelt gave his views in a letter to leaders of seven farm, labor and religious organizations who had written to him jointly on June 20 in behalf of the wheat proposal and in support of larger funds for the Farm Security Administration.

He also expressed confidence that, should resistance to these proposals persist, "the people will hold those responsible to strict account."

Copies of the President's letter were sent to James G. Patton, President of the National Farmers' Union; Murray Lincoln, Executive Secretary of the Ohio Farm Bureau Federation; William Green, American Federation of Labor; Philip Murray, Congress of Industrial Organizations; J. G. Luhrsen, Executive Secretary of the American Railway Labor Executives' Association; L. G. Ligutti, Executive Secretary of the National Catholic Rural Life Association, and Benson Y. Landis, of the Federal Council of Churches.

Mr. Roosevelt's letter follows:

In these dark days when the fortunes of war demonstrate more clearly than ever before the dependence of our fighting men upon adequate supplies, it is heartening to receive the letter of June 20 signed by you and six other leaders of farm, labor, and religious organizations asking help in giving all our farmers the equipment with which to produce enough food for victory and a peace that will endure.

The seven signatures on this joint appeal spell a new understanding and a new unity, born of war, among farmers, all three national labor organizations, and two great religious groups of men and women of good-will. Our fighting men need this kind of unity in support of them. As their Commander-in-Chief, I welcome it.

The authorization to sell some of the government's holdings of grain for feeding purposes at 85% of the parity price for corn is essential if the armed services and the civilian population are to be assured adequate supplies of pork, beef, milk, chicken, and eggs at prices that will neither break through the ceiling nor require excessive subsidies. The government will continue to assure fair prices to farmers for their products. Certainly, the government, organized for total war, must have the authority to deploy its resources promptly and in sufficient volume to speed victory. We have surpluses of grains; we have oncoming stringencies and shortages in certain meats, fats and oils.

The only real issue involved here is whether the government should be free to use its feed resources to produce food for the wartime effort. When this fact becomes clear I am certain that pressure group tactics will not prevail and that the action taken by the Congress will reflect the nation's needs.

To meet the nation's war food goals we must have the full-time employment of all farmers, big and little. I agree with your statement that they, as working farmers tilling their own land, should be given such support as is necessary to utilize their resources fully. They must be assisted to stay on the land and to have or to get a life's stake in it. This, the Senate recommendations for farm security administration loan authorizations and appropriations will do in a measure that, however inadequate, is infinitely better than the inadequate proposals that are being mistakingly urged on the Congress by certain selfish and power-hungry groups.

The approval of the Senate recommendations on the Farm Security Administration program are, in my judgment, essential to the nation's war effort. They are minimum. Quite properly, billions have been allocated for the financing of war industry, large and small. Similar balanced aid to make full use for war of our varied farm resources should not be denied.

You have asked me to take this issue to the country. I think that your excellent letter has done this in large measure. I will support and emphasize it at every opportunity. Should resistance to these proposals persist, I am confident that the people will hold those responsible to strict account.

The President on July 9 again called for speedy settlement of the Congressional dispute when he declared that the "matters on which agreement has not yet been reached embody the issue of more abundant production of the things we need."

In signing the "stop-gap" bill appropriating funds for the Department for July, the President issued a statement saying that "our war needs do not permit compromise or partisan discord" and that "we cannot afford to cripple any part of our productive effort with unnecessary legislative shackles."

The text of President Roosevelt's statement of July 9 follows:

I have just signed H. R. 7349 under which the Department of Agriculture appropriations are continued for the month of July. I am glad that this bill was finally approved by both Houses of the Congress without the prohibition against the sale of Government-held stocks of feed grains, but I regret that the operations of a department so essential to our domestic and war needs should be left in such a predicament at this critical period in the nation's history.

The Department of Agriculture is charged with the responsibity of giving leadership to the greatest agricultural production effort the country has ever known. Each day the part that food must play in the winning of the war becomes more apparent. The matters on which agreement has not yet been reached embody the issue of more abundant production of the things we need. Our war needs do not permit compromise or partisan discord on that issue. We cannot afford to cripple any part of our productive effort with unnecessary legislative shackles.

It is my earnest hope that the Congress will move quickly to an agreement on the major items in dispute in order that more adequate agricultural production may be achieved and maintained. Freedom to utilize our Government stock of grain in accord with the principles of the ever-normal granary is a necessary means to this end. This is no time to hamstring successful principles. Only thus can we insure increased production of live stock and dairy products so essential to our war needs.

My recommendations for the Farm Security Administration will enable underemployed farmers to produce more so that their production may be available for our war needs. The Senate provisions represent a minimum step in utilizing our farm manpower for increased food production.

U. S. Consultants To Aid Free French

The State Department in Washington announced on July 9 that Admiral Harold R. Stark, Commander of United States Naval Forces in Europe, and Brig.-Gen. Charles L. Bolte, Chief of Staff of the United States Army in Europe, have been designated as this government's representatives to consult with the Free French National Committee in London on all matters relating to the conduct of the war. This action, further coordinating the common efforts of the United States and the Free French, headed by Gen. de Gaulle, was taken to make "cooperation more effective in the prosecution of the war." The announcement of the State Department said that this further collaboration is consistent with President Roosevelt's statement of last November, extending lend-lease aid to the miltary and naval forces of Free France and with the "policy of the United States Government in aiding all peoples who are resisting Axis aggression to maintain and uphold their own liberty."

A memorandum to Gen. de Gaulle, released by the State Department, made it clear that this step does not amount to diplomatic recognition of the Committee as the Government of France. On this point the memorandum said that "in pursuing the common war objective the Government of the United States will continue to deal with the local Free French officials in their respective territories where they are in effective control."

Distillers Must Convert Plants to War Alcohol

The Nation's distilleries have been ordered to convert their plants by Nov. 1 to the exclusive production of industrial alcohol, needed for the manufacture of munitions and synthetic rubber. Matthew J. MacNamara, special assistant director of the materials division of the War Production Board, on June 16, told a meeting of representatives of the liquor producing interests at Louisville, Ky., that their quota would be upward of 200,000,000 gallons annually. It is estimated that their total present output of all spirits is about 600,000 gallons monthly.

Mr. MacNamara said machinery and equipment for the conversion had been located and its use authorized. Payment for the shift from liquor to industrial alcohol will be made by the Defense Plants Corp., a subsidiary of the Reconstruction Finance Corp., according to the Associated Press.

Previous reference to plans for converting the liquor industry was made in these columns June 11, page 2213.

Revenue Tonnage and Mileage Figures To Supplant Carloadings Data As Traffic Gauge

Because of heavier loading and longer haul of railroad cars in the last few months, revenue tonnage and revenue ton mileage figures now provide a more accurate measurement of the volume of railroad freight traffic than carloadings, Joseph B. Eastman, Director of Defense Transportation, announced on July 1. Total carloadings for the first 25 weeks of 1942 showed a gain of only 6.7% over the same period last year. However, all classes of freight with the exception of less-than-carload increased by an average of 13%, Mr. Eastman pointed out, while the l-c-l loadings declined 17.8% as a result of ODT's General Order No. 1 and of the railroads' efforts prior and subsequent to the May 1 effective date.

The order set a six-ton weight limit per car for less-than-carload freight, and provided for a step-up to an eight-ton minimum, effective July 1. A ten-ton minimum will be established Sept. 1.

Mr. Eastman pointed out specifically that railway analysts and observers should, as a result of the merchandise car savings, carefully scrutinize the weekly reports and distinguish between carload traffic loadings, and total carloadings which include the cars loaded with merchandise. Until a full year after May 1, he said, total carloading figure comparisons will be distorted.

During the 25 weeks ending June 20, less-than-carload freight used 3,194,811 cars, as compared with 3,885,072 in the first 25 weeks of 1941. The 1942 decrease of 690,261 cars, Mr. Eastman said, is due entirely to heavier and more efficient loading by the railroads. While the number of cars loaded dropped considerably, figures compiled by the Interstate Commerce Commission showed an increase of 16.9% in l-c-l tonnage originated during the first three months of 1942. Indications are that this increase is being maintained during the second quarter.

The Interstate Commerce Commission figures show the major railroads moved 576,211,670 revenue tons of all classes of freight in the quarter ended March 31, 1942, as compared with 478,521,196 moved in the first quarter of 1941, or a gain of 20.4%. Revenue ton-miles rose from 101,375,401,000 in the first quarter of 1941 to 132,028,605,000 in the comparable period of 1942—an increase of 30.2%.

On at least 60% of the 121 major railroads—the Class I systems—approximately 20% of all merchandise carloads had already reached the ten-ton limit, and almost 50% had attained the eight-ton loading by the end of May.

Teamwork For Post War Reorganization

Discussing the need of organized teamwork to meet post-war complications, Anderson Pace, of Chicago, at the closing session of the National Conference on Industrial Real Estate in Pittsburgh on June 26 said:

"What are we going to do after the war to fill the industrial gap in those areas where raw materials have been used in tremendous quantities during the war, and where they may be used only in limited quantities after the war? What are we going to do about the workers who have migrated in large quantities from home and may return after the war? Teamwork of the right kind by national industries, Federal agencies, state agencies and trade, civic and business organizations of various kinds working together in parallel lines could solve these and other problems of post-war industrial transition. Preparation for such teamwork has already begun. Good coordination and good planning will be needed to bridge the transition whether or not industrial activity continues at a high level.

Mr. Pace, general industrial agent of the Illinois Central R.R. System, who is a member of the Illinois Development Council and consultant to like state bodies in Wisconsin, Indiana, Kentucky, Tennessee, Louisiana, and Mississippi, suggested that there be created an informal body that could "bring about the interchange of industrial information to the benefit not of Realtors alone but of the various zones of the country as a whole." Mr. Pace told of the development now of what he termed "shock troops" in local bodies located in Mid-Western and Mid-Southern communities which will provide a trained force ready to handle post-war complications resulting from dislocations of population and industry during the emergency war period. Indicating that such problems will have both important industrial and deep social implications, he analyzed from the point of view of permanent usefulness the agencies already at work on post-war planning. The convention was called by the Society of Industrial Realtors.

State Tax On Land Taken By Military

Legislation providing for taxation by the States and their political sub-divisions of certain real property acquired for military purposes by the United States since January, 1942, was passed by the Senate on July 2 and sent to the House.

The real property acquired for general miltary purposes includes that taken over for fortifications, coast defenses, military camps, cantonments, proving grounds, training areas, bomb testing areas, and the manufacture of munitions.

Senator McNary of Oregon, the minority leader, said the bill "would merely relieve the distressed counties and States which heretofore collected taxes from the private owners." He explained that the bill follows the precedent heretofore set by Congress "not only during the last war but more recently with respect to the treatment accorded the District of Columbia by the Home Owners' Loan Corporation, the Housing Administration and the Reconstruction Finance Corporation." Senator McNary stated that "the burden would be thrown upon the Government to meet the county and State taxes, so as to enable the counties and States to continue the normal administration of their affairs."

The bill authorizes the taxation of such property at the rate previously charged against it.

U.S., Brazil Extend Stabilization Pact

An agreement extending for five years the monetary stabilization pact between the United States and Brazil was signed in Washington on July 6 by Secretary of the Treasury Morgenthau and Minister Fernando Lobo, Charge D'Affairs of Brazil. The agreement extends to July 15, 1947, the stabilization pact entered into five years ago.

Under the extended agreement, the United States, according to the Associated Press, will make dollar exchange available to Brazil to stabilize the Brazilian milreis-United States dollar rate of exchange up to a total amount of $100,000,000 and will sell gold to Brazil as the Brazilian Government may request up to a total of $100,000,000. In the original agreement these two amounts were $60,000,000.

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Non-Agricultural Employment In Mid-May At New All-Time High, Labor Dept. Reports

Total civil non-agricultural employment increased by 327,000 from mid-April to mid-May, Secretary of Labor Frances Perkins reported on June 30. "The May total was 41,201,000, a new all-time high," she said. "It exceeded the previous peak (41,073,000 in December, 1941) by 128,000 and the level of May 1941 by 2,299,000."

Secretary Perkins further reported:

"A substantial portion of the increase from April to May was in manufacturing industries where a contra-seasonal gain of 76,000 workers reflected continued expansion in the war production industries. Contract construction showed a gain of 92,000, the May level exceeding all previous months since the fall of 1929. Increased employment on government projects accounted for this substantial gain; private construction showed a small decrease over the month interval, Federal, State and local government employment increased by 86,000 and there were increases of 40,000 in the transportation and public utilities group, and 38,000 in the group of finance, service, and miscellaneous industries. Employment in the group of mining industries showed a small gain, while wholesale and retail trade establishments combined reported a slight loss. Government restrictions affecting the sale of such items as automobiles, tires, electrical appliances, gasoline, lumber and plumbing and heating equipment accounted for the decrease in various lines of trade.

"The principal factor in the expansion of nearly 2,300,000 in non-agricultural employment over the year interval was the increase of 1,135,000 in manufacturing industries. Federal, State and local government services, contract construction, and transportation and public utilities also showed large gains, while a smaller increase was reported in the finance, service and miscellaneous group. In the remaining two major groups, trade and mining, there were declines of 80,000 and 7,000 respectively. A number of lines of both wholesale and retail trade have been seriously affected by the war program particularly automotive, while the sharp curtailment in oil well drilling accounts primarily for the decrease in the mining group over the year interval.

"The rise of 0.7% in factory employment between April and May was in contrast to a seasonally expected decline of 0.5%, while the corresponding increase in weekly pay rolls (3.2% or $11,300,000) compared with a typical rise of only 0.2% or about $700,000 for this time of year. The durable goods group of manufacturing industries, in which war production is chiefly concentrated, reported an employment increase of 1.7% (102,100) while the non-durable goods group showed a decrease of 0.6% (27,300).

Shortages of materials and layoffs in plants converting their facilities to war production continued to cause employment reductions in many durable and non-durable industries. Among them were cast-iron pipe, cutlery, hardware, plumbers' supplies, wirework, steam and hot-water heating apparatus and steam fittings, tin cans and other tinwear, radios, typewriters, jewelry, lighting equipment, carpets and rugs and rubber goods. Gains in industries geared to the war effort, however, more than offset these declines. For the first time since last November automobile plants reported an employment increase (5.6% or 18,900 workers) indicating a stepping-up of war production in converted plants. Other strategic war industries continued to show sharp employment gains, notably shipbuilding, aircraft, engines, machine tools, machine-tool accessories, electrical machinery, foundries and machine shops, ammunition, and firearms.

"Among the non-durable-goods industries, seasonal increases were shown by woolen and worsted goods mills, bakeries, meat packing plants, and plants manufacturing beverages, butter, ice cream, and beet sugar. The canning and preserving industry showed a contra-seasonal gain of 2.1%. Seasonal declines were reported by establishments manufacturing fertilizers; cottonseed—oil, cake, and meal; confectionery; and millinery.

"The May indexes of factory employment (137.0) and pay rolls (192.6), based on 1923-25 as 100, were at the highest levels on record, the gains since May of last year being 9.7 and 33.7%, respectively. The pay-roll increase in 'all manufacturing' over the year was nearly four times as large as the employment expansion due largely to increased working hours, overtime premiums, and wage-rate increases.

"Wage-rate increases averaging 7.9% and affecting 207,000 factory wage earners were reported by 691 plants out of a reporting sample of approximately 30,000 plants with about 6,000,000 workers. The largest number of workers affected were in the cotton goods, men's clothing, machine tools, aircraft, boot and shoe, and paper and pulp industries. Scattered wage-rate increases were reported among the nonmanufacturing industries surveyed, the public utilities group reporting the largest numbers of workers affected.

"Employment in anthracite mining showed a contra-seasonal increase of 1.0% from April to May, while bituminous coal mines reported a less-than-seasonal decline of 0.3%. These changes were coupled with pay-roll increases of 14.5% and 3.4% respectively, reflecting increased production. Quarries and non-metallic mines expanded their forces by 2.8%, about half the average May increase of the preceding 13 years. While the small employment increase of 0.1% in metal mines raised the index to 82.0% of the 1929 average, the highest May level since 1930, crude petroleum producing firms reported 0.4% fewer production employees than in the preceding month.

"The continuing demand for public transportation facilities was reflected by the increase of 1.6% in the number of workers employed by street railways and buses, this being the fourth consecutive monthly gain, and with but one exception the largest percentage increase in any month during the last 14 years. Electric light and power companies reported a contra-seasonal employment drop of 1.0% while telephone and telegraph offices increased their forces slightly. Among the service industries, increases of a seasonal character were shown by laundries (3.2%), dyeing and cleaning establishments (5.4%), hotels (0.4%). Brokerage and insurance firms reported decreases of 3.9% and 0.8% respectively.

"The drop of 1.7% in wholesale trade employment was greater than usual for May due largely to contra-seasonal decreases in many lines as war conditions and resulting government restrictions affected the sale of such items as automobiles, tires, petroleum and gasoline, electrical appliances, radios, plumbing and heating equipment, furniture and house furnishings, and paper products. These factors also affected similar lines of retail trade. Employment in retail food, general merchandise, and fuel and ice establishments, however, increased over the month interval and the net change for retail trade as a whole was a decrease of only 0.1%.

"Nonagricultural employment showed increases over the month in all but 4 States, Vermont, Arkansas, Florida, and South Dakota, showing slight decreases. Sizable gains were shown over the year in all but 2 States (Michigan and Delaware). The largest percentage increases occurred in Oregon, Arkansas, District of Columbia, Alabama, Washington, and Utah.

"All Federally-financed construction required 1,564,000 workers during the month ending May 15, constituting an increase over April of 193,000 or 14%. Pay rolls, amounting to $281,549,000, increased 18%. Construction workers hired directly by the Federal Government numbered 239,000 or 15% of the total.

"War construction, not including housing, employed 196,000 additional workers during May, reaching a total of 1,418,000 persons and constituting 91% of the total number employed on Federally-financed construction. Expansion during May was concentrated mainly on the construction of ships, nonresidential buildings, and streets and roads.

"Employment on public housing projects showed a decline during the month ending May 15 of 8,900 and over the past year of 66,300.

"Employment in the Federal executive service increased 78,700 persons during May: 7,400 inside the District of Columbia and 71,300 outside. Over the past year employment inside the District has increased 45% and outside the District 62%. During May total employment in the Federal executive service was 2,091,000 and pay rolls were $331,645,000.

"Contraction of the work-relief programs continued during May. WPA personnel was cut 80,700 (9%), personnel on the NYA student work program was cut 21,400 and on the out-of-school work program 24,000 (10% for the 2 programs). The 12,300 personnel decline for the CCC was distributed among the various groups as follows: enrollees, 11,400; nurses, 13; educational advisors, 81; and supervisory and technical, 834. All work-relief programs have dropped a total of 1,356,000 names from the rolls in the past year."

The Labor Department further reported:

ESTIMATES OF TOTAL NON-AGRICULTURAL EMPLOYMENT
[In Thousands]

	May, 1942 (preliminary)	April, 1942	Change April to May, 1942	May, 1941	Change May, 1941 to May, 1942
Total civil non-agricultural employment	41,201	40,874	+327	38,902	+2,299
Employees in non-agricultural establishments	35,058	34,731	+327	32,759	+2,299
Manufacturing	13,021	12,945	+ 76	11,886	+1,135
Mining	862	861	+ 1	869	— 7
Contract construction	2,020	1,928	+ 92	1,782	+ 238
Transportation and public utilities	3,383	3,343	+ 40	3,185	+ 198
Trade	6,673	6,679	— 6	6,753	— 80
Finance, service and miscellaneous	4,304	4,266	+ 38	4,235	+ 69
Federal, State and local government	4,795	4,709	+ 86	4,049	+ 746

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

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

April Shipments of War Goods by Automotive Industry 46% Greater Than In February

Reporting on the progress of the conversion of the automotive industry to war work, the War Production Board on July 1 announced that war shipments by this industry were 46% greater in April than in February. The report, compiled by WPB's Automotive Branch, was based upon information received from 432 plants of 157 companies, which, on the basis of labor employed make up 72% of the industry, and covers concerns which include eight large automobile manufacturers, nine truck companies and 140 parts companies.

The survey by the War Production Board further reports in part:

"These companies reported April shipments of $420,000,000, of which 83% were war goods. War shipments increased from $239,000,000 in February to $349,000,000 in April, while non-war shipments declined from $145,000,000 to $72,000,000.

"Value added of war products increased 53%. Value added represents the difference between the money value of shipments and the cost of materials and parts supplied. These 432 plants had a total value added on war work in April of $188,000,000, compared with $123,000,000 in February.

"Thus the April shipments of war goods from these companies, 72% of the industry, was at an annual rate of more than $4,000,000,000, while the value added was at the rate of $2,250,000,000 a year.

"Some shipments from parts companies may have gone to automobile manufacturers or truck companies and the figures on total shipments, therefore, would include some duplications. Value added includes no duplications.

"In the eight automobile manufacturing companies, value added on war goods increased 87%, from $54,000,000 to $102,000,000. War shipments increased 64%, from $113,000,000 to $186,000,000. These companies included General Motors, Ford, Chrysler, Studebaker, Hudson, Packard, Nash and Graham-Paige, which operate 182 plants."

U. S. Financial Safety Depends On Savings

In addition to being urged to invest at least 10% of their income in War Bonds, Americans must be convinced that on the volume of their savings out of current income depends the present and future financial safety of the country, John H. Fahey, Federal Home Loan Bank Commissioner, declared on July 4. Mr. Fahey added that "if people will only realize that money saved during the war means the chance to make a down-payment which ultimately assures the ownership of a home a few years from now, or that it means reaching some other cherished goal, they will enlist in the Government's program for two constructive purposes." In part Mr. Fahey further said:

"The first purpose is, of course, service to our country in a war in which our victory is vital to everyone. The second purpose should be to make extra savings which will mean continued industrial activity, jobs for workers and general prosperity after the war. If people will only stick to these objectives, I am sure that they will find great satisfaction in the results of their temporary self-denial.

"At the same time I feel that everyone should realize fully what unnecessary, loose spending at this time means. We must understand that it is certain to cause higher living costs which will slash the value out of any increased salaries or wages."

Mr. Fahey declared that the best way to offset expressions of concern over the post-war period is to point to some of the basic objectives of financing the war through current income. He went on to say:

"The Government wants people to build up a great reserve, in addition to financing the war on a sound basis. When that reserve of buying power is released, it will stimulate our peacetime economy. We've had spending programs before, but never in the history of any country has there been buying power distributed through all classes of citizens such as there will be after this war is over—if we all do our part now.

"Private enterprise is going through a period of severe readjustment. Many major industries are being entirely converted to war; others are being forced to restrict their operations to a painful degree. The hope of these industries and of all private enterprise is the buying power that can be built up through a program of national saving.

"I think that if this full picture is given to the American people, they will have a new understanding of the constructive steps the Government is taking to assure a kind of peace which will make worth-while the sacrifices we are going to be called upon to endure while the war lasts."

Treasury Plans To Reissue Gold Notes

Plans for the re-issuance of Federal Reserve gold notes, which have been out of circulation for more than eight years, were indictated in press advices July 2, at which time the New York "Herald Tribune" reported from Washington that as a conservation and economy measure the Treasury would soon release some $4,000,000,000 of these notes, in denominations ranging from $10 to $1,000. The account added in part:

"Among the reasons for the action were: Fine silk is used in manufacturing paper for money; silk also is urgently needed for parachutes; good paper is scarce, and, therefore, the Treasury will save all around by reissuing the gold notes."

From United Press advices from Washington July 3 we take the following:

"When gold paper money makes its appearance shortly it will not mean the United States has gone back on the gold standard. It will mean that the Treasury is saving $2,000,000 on the cost of printing new currency.

"Treasury officials revealed last night they were considering releasing about $4,200,000,000 in the gold notes in order to save 240 tons of paper, 1,200,000 man-hours of labor and large quantities of nylon and ink which new bills would call for.

"They emphasized, however, that while the notes, which have been on hand since 1934, but never issued, bear on their face: 'Redeemable in gold on demand at the United States Treasury . . .' they will be paid only in silver."

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Holds Federal Price Control No Bar To Suit To Enforce Resale Price Under State Law

A ruling that plaintiffs may bring suit to enforce minimum resale prices under the New York State Fair Trade Law despite the existence of the Federal regulations fixing price ceilings was handed down by New York Supreme Court Justice Eder on July 7, according to the New York "Herald Tribune" of July 8, which stated that the decision is believed to be the first in the country on the relation of Federal price regulations to State Fair Trade Laws.

Justice Eder, it is said, overruled the contention of the defendant in an injunction suit that the enactment of the Federal Emergency Price Control Act of 1942 "rendered wholly impotent" the State law, which forbids the sale at retail below a minimum resale price fixed in contracts between manufacturer and retailer. Continuing the "Herald Tribune" further reported the findings of Justice Eder:

"Justice Eder said that in order to cite the Federal regulation as a defense in a suit under the State law a retailer must be able to show that inability to obey the State law was occasioned and necessitated "compliance with the Federal law as the paramount authority to which obedience was surrendered.

"The action upon which Justice Eder ruled was brought by three pharmacists, Hyman Schreiber, of 1878 Lexington Avenue; Herman Smithline, of 80 East 116th Street, and Morris Raskin, of 69 East 116th Street, to restrain another pharmacist, William Siegel, of 1614 Park Avenue, from alleged unfair competition.

"The charge against Mr. Siegel was that the was selling below minimum resale prices the products of 44 manufacturers.

"Although he upheld the right of the plaintiffs to bring suit under the State law in spite of Federal regulations, Justice Eder denied their application for a temporary injunction to restrain continuing alleged violations of the State law. He said that all of the violations complained of occurred before the effective date of the price freezing order.

U. S. Authority Supreme

"Justice Eder said further that it was not shown during the argument that since that date the defendant was selling at prices other than those set by the Price Administrator.

"On the question of conflict between Federal and State laws, Justice Eder said: 'It admits of no doubt that the authority of the Federal Government is supreme. It is manifest that the Federal statute is dominant.

"'The Federal statute does not prohibit or bar a suit brought pursuant to the State Fair Trade Law, even though the maximum resale price established by the Price Administrator conflicts with the minimum retail resale price as fixed by the stipulation of the parties and as affected by the State Fair Trade Law, in the absence of a showing by the party complained against that the act of derivation from the State law was occasioned and necessitated by good faith, compliance with the Federal law as the paramount authority to which obedience was surrendered'."

War Output In 1942 Set At $45 Billion

Donald M. Nelson, Chairman of the War Production Board, declared on July 10 that "during this calendar year the factories of the United States will turn out war goods of one kind or another to a value of $45,000,000,000."

Speaking before the Automobile Council for War Production at Detroit, Mr. Nelson said that next year he expected the figure will rise to $70,000,000,000 or $75,000,000,000, at current prices. He added:

"I do not believe that it ever can rise much above that figure, because I think that is just about the limit that our economy can stand. The materials which would be needed to get production substantially higher than that simply are not available, and as far as we can see now they cannot be made available. But in any case, getting up to the 45-billion level this year will be a splendid achievement and raising the level to 75 billions next year will be nothing less than magnificent."

Discussing the automotive industry's part in the war program, Mr. Nelson asserted:

"In this great program a major role has been assigned to the automotive industry. Contracts for more than $8,000,000,000 worth of war goods had been placed with this industry by the end of April of this year; more than $5,000,000,000 of that total were placed after Pearl Harbor. Yet that is little more than a beginning. When peak rates of production are reached under present plans, this industry will be producing war goods at a rate of approximately $12,000,000,000 a year. This is three times as large as the industry's estimated 1941 sales of $4,000,000,000; it will represent approximately one-sixth of the entire war-production effort of the whole United States.

"These are amazing figures. I think every one connected with the automotive industry is entitled to feel a great deal of honest pride in the fact that such great reliance can be placed upon this industry in this time of national peril. But I think we must also realize that this tremendous job is just getting under way. The peak is still ahead of us. The decks have been cleared for action, but that action has barely begun."

Mr. Nelson concluded:

"From now on the emphasis is on production itself. From what has been done so far, I believe that we can look to the future with a good deal of confidence—not with empty optimism or a blind feeling that everything will somehow come out all right, but the sober, solid confidence of people who have tested their own strength and their own determination and know that they are ready for the worst that fate can bring to them."

Wholesalers' Sales, Inventories And Credits In May

An average increase in sales of 7% for May, 1942, totaling $278,569,000, compared with the same month a year ago was recorded for wholesalers, according to an announcement released on June 30 by J. C. Capt, Director of the Census. It is pointed out that in increases registered for each of the first five months of this year compared with corresponding months a year ago have lessened each month, declining gradually from 37% for January to 23% for April, and falling off sharply to 7% for May, the lowest increase recorded by this series for any month compared with a year ago in the past eighteen months. A loss in sales of 9% occurred between the months of April and May, by far the largest decrease recorded between these months in the past five years, says the Census Bureau, which also added:

"Twenty-seven of the 35 trades for which separate statistics are presented in this report showed increases in May, 1942, sales compared with the same month a year ago, ranging from 1% to 54%. Meats and meat products wholesalers' sales continued to maintain a high level with a gain of 54%, only slightly less than the gain of 60% recorded for April, 1942, compared with April, 1941. Most non-durable goods lines showed moderate to substantial improvements in dollar sales for May, 1942, compared with a year ago, although generally less than the increases registered for April of this year over April, 1941. Sales of clothing and furnishings (except shoes) wholesalers were up 15%; shoes and other footwear, 10%; drugs and sundries (liquor excluded), 9%; dry goods, 25%. Dollar sales gains for May, 1942, over May, 1941, were registered for all but three of the durable goods trades for which separate data are presented in this report. Sales of furniture and house furnishings wholesalers were up 8%; industrial supplies, 13%; plumbing and heating supplies, 4%; jewelry, 2%; lumber and building materials, 20%; and machinery, equipment and supplies (except electrical), 5%; while automotive supplies, electrical goods, and metals were off 7%, 9% and 20%, respectively.

"Inventories, in terms of dollars based on cost values, at the close of May were down 3% compared with April, continuing the month-to-month decline which first manifested itself at the close of April. (From January, 1941, to March of this year, inventories at the close of each month were higher than those at the beginning.) Inventories at the close of May, 1942, compared with a year ago were up 12% as against the 16% increase in dollar volume recorded for April and the 25%, 24%, and 20% gains registered for January, February, and March respectively.

"Collections on accounts receivable for May, 1942, were up more than 6% compared with collections for May, 1941, but show a slight loss compared with April of this year. The collection ratio for May, 1942, was 82 as against the ratio of 77 for May, 1941, and 83 for April of this year. Accounts receivable were 15% greater on May 1, 1942, than at the same date in 1941, as against the increase of 20% recorded for April of this year over April a year ago. Accounts receivable were at approximately the same level on May 1, 1942, as at the beginning of April, 1942.

"The stock-sales ratio for wholesalers at the close of May, 1942, was 155 as against 143 for May, 1941, and 146 for April, 1942. Eight of the 32 kinds of business for which stock-sales ratios are given in this report registered a decrease in their May, 1942, ratios compared with those for May, 1941. Furniture and house furnishings wholesalers with a sales gain of 8% and an inventory decrease of 2%, registered a stock-sales ratio of 162 for May, 1942, as against 181 for May a year ago. Wholesalers of industrial supplies with a 13% increase in sales and a 5% increase in stocks registered a stock-sales ratio of 143 for May, 1942, compared with 162 for May, 1941. Lumber and building materials dealers and plumbing and heating supply dealers also showed appreciable decreases in stock-sales ratios at the close of May compared with a year ago. Substantial increases in stock-sales ratios were recorded for wholesalers of automotive supplies, paints and varnishes, groceries and foods (except farm products), wines and liquors, and paper and its products, on the basis of a comparison with May, 1941."

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census.

Government Policy On Employment of Aliens

President Roosevelt declared on July 11 that persons "should not hereafter be refused employment, or persons at present employed discharged," solely because they are aliens or former nationals of another country. In a formal statement designed to clarify the government's position on employment of aliens and other foreign born., the President said that "a general condemnation of any group or class of persons is unfair and dangerous to the war effort."

Mr. Roosevelt pointed out that there were no legal restrictions on the employment of any person in non-war industries, and "even in war industries, if the particular labor is not on 'classified' contracts, which include secret, confidential, restricted and aeronautical contracts."

The text of the President's statement follows:

"In order to clarify the policy of the government in regard to the employment of aliens and other persons of foreign birth the President today issued the following statement:

1. Persons should not hereafter be refused employment, or persons at present employed discharged, solely on the basis of the fact that they are aliens or that they were formerly nationals of any particular foreign country. A general condemnation of any group or class of persons is unfair and dangerous to the war effort. The Federal government is taking the necessary steps to guard against, and punish, any subversive acts by disloyal persons, citizens as well as aliens.

2. There are no legal restrictions on the employment of any person (A) in non-war industries, and (B) even in war industries, if the particular labor is not on "classified" contracts, which include secret, confidential, restricted and aeronautical contracts.

The laws of the United States do provide that in certain special instances involving government contracts an employer must secure from the head of the government department concerned permission to employ aliens. Section 11 (A) of the act of June 28, 1940, (public No. 671, 76th Congress, 3d session) contains a provision that:

"No aliens employed by a contractor in the performance of secret, confidential, or restricted government contracts shall be permitted to have access to the plans or specifications, or the work under such contracts, or to participate in the contract trials, unless the written consent of the head of the government department concerned has first been obtained." . . .

The Air Corps act of 1926 has a similar provision:

. . . "No aliens employed by a contractor for furnishings or constructing aircraft parts or aeronautical accessories for the United States shall be permitted to have access to the plans or specifications or the work under construction or to participate in the contract trials without the written consent beforehand of the Secretary of the department concerned."

There are no other Federal laws which restrict the employment of aliens by private employers in national war industries. There are no Federal laws restricting the employment of foreign-born citizens of any particular national origin.

3. Where, under the law, permission to employ aliens is required from the War and Navy Departments, the alien shall go to then be submitted by the alien to States Employment Service, which will furnish him with application form, and assist him in filling it out. The completed form will then be submitted by the alien to the employer who will fill out the reverse side of the form, and then immediately forward same to the department concerned. Upon receipt of the application, the department will act promptly thereon, in the normal case within forty-eight hours, and give its approval or disapproval, either of which shall be subject to change at any later time.

4. In passing upon applications for permits, the department will give special and expedited consideration to nationals of United Nations and friendly American republics, and any other aliens, including enemy aliens, who come within the following categories:

A. Aliens who have served in the armed forces of the United States and have been honorably discharged.

B. Aliens who have, or who have had, members of their immediate family in the United States military service.

C. Aliens who have resided in the United States continuously since 1916 without having returned to the country of origin within the last ten years.

D. Aliens who have married persons who, at the time of marriage, were citizens of the United States and who have resided in the United States continuously since 1924 without having returned to the country of origin within the last ten years.

E. Aliens who have declared their intention to become citizens of the United States and who had filed petitions for naturalization before Dec. 7, 1941.

5. Any inquiries or complaints by aliens, pertaining to specific instances of discrimination, or intentional failure to carry out the above procedure, should be referred directly to the Committee on Fair Employment Practice, Washington, D. C. This committee will consider the complaints and take such action as may be warranted in the particular case.

6. Any information concerning disloyal activities in war industries or elsewhere, or indications of disloyalty on the part of persons employed in war industries, should be reported immediately to the nearest office of the Federal Bureau of Investigation. Employees have the same duty in this matter as have employers.

Cotton Report As Of July 1, 1942

The acreage of cotton in cultivation in the United States on July 1, 1942, is estimated by the Crop Reporting Board to be 24,005,000 acres, which is 3.8% more than the 23,132,000 acres in cultivation on July 1, 1941, but 22.8% less than the 10-year (1931-40) average. If the percentage abandoned in 1942 is equal to the 10-year average, an acreage of 23,525,000 is indicated for harvest in 1942. This acreage would be greater than that harvested in 1941 but smaller than any other year since 1896. The report added:

"Increases above 1941 are estimated for all States except Georgia, Alabama, and Florida, where considerable acreages normally planted to cotton have been diverted to the production of peanuts. The greatest percentage increases in acreage of upland cotton occurred in Texas, North Carolina, Tennessee, Oklahoma, and Virginia, which increases ranged from 5% in Texas to 22% in Virginia. An increase of 13% in both New Mexico and Arizona is largely attributed to the expansion in acreage of American Egyptian cotton. Increases of 1 to 3% took place in the remaining States.

"The acreage of American Egyptian cotton increased from 137,300 acres in 1941 to 207,500 in 1942. About one-half of this increase occurred in Arizona and the remainder in Texas, New Mexico and California. The acreage of Sea Island cotton decreased from 38,900 in 1941 to only 9,500 in 1942. This reduction is largely attributed to unsatisfactory yields during recent years.

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Opposes Pending Farm Mortgage Bill

(Continued from First Page)
stock liquidation between stockholders and between Associations is something for which it would be difficult to find a business parallel.

"The interest rate on new Land Bank loans is fixed at 4% until June 30, 1946, which is below the present market except in a few favored sections of the country.

"This will tend to drive private competition out of all territories except these favored few. That is actually a true picture of the farm loan situation today. Private institutional lenders are by necessity confining their new business to very limited areas where farming conditions are most favorable and are not operating in the larger part of the country. This law would tend to make that situation permanent.

"Farmers still look to private capital for more than one-half of their farm mortgage borrowings since it supplies their short-term borrowing needs. This law would leave farmers in the larger part of the country with no source of mortgage funds except the Land Banks and the Federal Farm Mortgage Corporation. Fixing future rates, as proposed in the bill, gives to a small proportion of farmers the advantages of government credit not enjoyed by others."

It is further stated that the bill makes possible an unlimited expansion of the Federal Land Banks' farm mortgage business with practically no regard as to whether their operations are successful. It provides that the government fully guarantee all Land Bank bonds, now outstanding in the amount of about $1,700,000,000.

"Speaking personally, and as a farm mortgage lender, I feel that the Fulmer Legislation means a virtual socialization of the nation's farm mortgage credit system," Mr. Champ said. "Some of the more inequitable provisions of the original bill have been eliminated, it is true, but the broad general principles of making farm mortgage lending a wholly government undertaking remain intact. I feel as strongly as ever that this is a perfect example of the sort of proposal that absolutely has no connection with winning the war and ought to be left for consideration after we have won the war."

From Washington

(Continued from First Page)
nating against anybody, is about the height of ridiculousness. Either, industry has been trying to elevate the standard of living by being preclusive in the matter of its employees, or it's been trying to run down the lot of the laboring man by bringing all comers into the market. Both can't be true.

But what we started out to say about Elklund: The fact that this one little commonplace murderer and his escape, captured the fascination of people, burned the Intellectuals up. It was utterly amazing, they propounded, that people could be interested in such a small thing as this, in the light of the GLOBAL warfare. Were they not concerned with what the Russians were doing? Were they not concerned with what was happening in the Battle of Libya?

Well, frankly, we can't answer the question. All we know is that the local editors considered the Elklund case a fascinating story and thereby played it.

We suggested to the Intellectuals that maybe the people wanted a relaxation. They had been stunned so much that here was something they could grasp. For many months they had been hearing that the British were running the Germans over the desert sands of Libya and then, of a sudden, they heard the Germans were running the British over it. All along, they were hearing expert explanations of what this meant.

They were hearing, too, of the Russians killing a million German soldiers, and of the Germans killing a million Russian soldiers. They were hearing Leon Henderson, wanting an organization of 100,000 people, threaten that if he didn't get it, there would be an inflation which, they were told, was far more ruinous than a Hitler invasion. Previously, they had been told that a Hitler invasion was about the worst thing one could imagine.

They had heard Donald Nelson say he couldn't provide any steel for synthetic rubber production because we had to have tanks and they had heard of our tanks being backed up on the wharves and of their being shot to pieces in Libya.

Is there really any wonder that they sought relief in the escape from jail of a fellow of whom they had never heard? Not one in ten of them had paid the slightest attention to the case until he escaped. They had to go back and read, as did this writer, of the crime he had committed. But this was adventure; it was something tangible on which the human mind could hang. It was understandable.

If there is one thing that would seem to be certain, it is that the German submarines have in recent months had free access to our coasts. Accepting that, then they have unquestionably landed saboteurs galore in our country. The FBI under Edgar Hoover is a very efficient organization, so presumably it has been rounding up these saboteurs day by day. Then why should the arrests of eight men be picked out for the purpose of a publicity blowing up? And then, having been selected for this publicity blowing up should the proceedings be behind closed doors, a meticulous star chamber proceeding.

Is there any wonder that the people preferred to read about the escape of Elklund? But it has got the brilliant propagandists worried.

Compulsory Savings May Yet Be Imposed

Pointing out that "not the least important aspect of total war is finances" Assistant Secretary of the Treasury John L. Sullivan addressing a war savings campaign luncheon in Boston on July 9 stated that "roughly speaking, this nation is today obtaining money through three main sources: Taxes; the sale of regular Treasury securities to banks, insurance companies, trusts and individuals; and War Savings Bonds," Mr. Sullivan went on to say:

"The borrowing of true investment funds is now being accelerated with the cooperation of a nation-wide Victory Fund Committee of bankers, businessmen, and security dealers. They are giving generously and freely of their time and doing a splendid job. I bespeak for the committee here in the Boston district the cooperation of everyone in New England.

"The third source of funds for waging this war is the sale of War Savings Bonds to the people of the United States. It is the hope of the Treasury that from this source we may borrow at least $12,000,000,000 in the next 12 months.

"I would be less than frank with you if I did not remind you of the consequences of the failure of this campaign to borrow $12,000,000,000 annually from current earnings. The amount of money we are required to raise is so great that taxes and the ordinary type of Treasury financing cannot satisfy our requirements. If, through a voluntary savings plan we cannot borrow the amount we need, we shall be forced to resort to compulsory savings—a prospect not pleasant to contemplate."

Noting that "the keystone of this war savings bond campaign is the 10% pay roll allotment plan," Mr. Sullivan stated that "we cannot count on individual month by month effort to bring us our $1,000,000,000 a month quota." "We have to plan and organize," he said, "so that the money will come in and the bonds go out month after month. Only in that way can we meet our quotas." He further said:

"Ninety-nine percent of those industrial plants employing 5,000 people have installed a payroll savings plan. Many of these firms are over the 10% mark. If we can get an over-all savings from 34 million workers in the country with plant payrolls, our objective of a billion dollars a month will be more than reached.

"The Treasury very earnestly hopes that long before snow falls everyone working in an industrial plant in New England will be lending voluntarily at least 10% of his current earnings. For many of these enterprises this will require a new drive to increase the degree of participation. I do hope that no one will be reluctant to make a renewed effort to achieve this."

In briefly reviewing "our financial situation," Mr. Sullivan had the following to say:

"On July 1, 1941, there was a national debt of about $49,000,000,000. On July 1 of this year that debt was $72,000,000,000.

"In mid-summer of 1941, we were spending for rearmament about $800,000,000 a month. In mid-summer of this year, we are spending on the war effort about $4,000,000,000 a month.

"During the fiscal year 1942, about 25% of our entire national income was spent for rearmament. During the fiscal year 1943, about 55% of our national income will be spent for the war effort.

"Military and naval appropriations already voted by the Congress total $200,000,000,000.

"Under the present tax laws, we anticipate in the fiscal year 1943 collections of about $17,000,000,000 and expenditures, including Government corporations of about $77,000,000,000, leaving a deficit of about $60,000,000,000.

"This deficit indicates that the tax bill now pending before the Congress may be considered as the start, rather than the conclusion, of the nation's wartime revenue program. It also emphasizes the tremendous sums of money we must procure from other sources."

War Bond Quotas For July Set At $1 Billion

Secretary of the Treasury Morgenthau announced on June 29 State War Bond Quotas for July totaling $1,000,000,000, although the June quota of $800,000,000 was not met.

The quotas ranged from a low of slightly more than $1,000,000 in the State of Nevada to a high of $171,596,000 for the State of New York. Next high was Illinois with $84,925,000, Pennsylvania with $81,050,000, California with $61,687,000, Ohio with $55,151,000 and Massachusetts with $46,144,000.

The quotas were based on performance of the States in May sales. Comparison was made, however, with the distribution of national income by States for 1941 and it was found the figures compared favorably.

The July figure is a boost of $400,000,000 over the initial quota for May, which was exceeded by 5.7%, and $200,000,000 over June quotas.

The $1,000,000,000 per month figure has been set as a minimum which must be obtained in the sale of War Bonds if the government is to successfully finance the production necessary to win against the Axis nations, the Treasury points out.

Says Government May Requisition All Tires

President Roosevelt warned on July 7 that the government may have to take over all the automobile tires in the country if the war situation grows worse. The President told his press conference that he is not trying to save tires or gasoline but that he is trying to save the nation. He added that the country will willingly make any sacrifices necessary during the emergency.

Mr. Roosevelt's statement on possible requisitioning of tires was in response to a question as to whether it is planned to restrict the use of cars for business purposes through nation-wide gasoline rationing. He said that the latter problem had not yet been decided and that efforts are continuing to separate the problem of tires and gasoline.

A bill giving the President power to buy or requisition automobiles and other types of transportation vehicles was introduced in the Senate on July 13 by Senator Reynolds (Dem., N. C.). Senator Reynolds' bill would authorize a fund of $5,000,000,000 with which to pay owners of cars or equipment acquired by the Government. It would be effective through 1944. Under the bill the President would be authorized to pay the owners of the cars in cash or in war bonds in accordance with his own interpretation of a fair price. Any one receiving payment in war bonds would also receive a priority on a new car after the war.

Rubber Supplies Agency Opposed By Donald Nelson

Donald M. Nelson, Chairman of the War Production Board, told a Senate Agriculture subcommittee on July 6 that he was opposed to legislation seeking to establish a rubber supplies agency because its director would have the power to allocate materials for plant construction that are needed for the munitions program.

This bill, seeking to require the Government to use more farm and forest products in the production of synthetic rubber, would establish a rubber supply agency under the direction of a man appointed by the President with approval of the Senate, on a Government salary of $10,000 a year and with no outside financial or business interests. The director would be charged with the duty of obtaining adequate supplies of industrial alcohol, butadiene and rubber to meet all civilian as well as military demands.

Mr. Nelson conceded that if he were to start the synthetic rubber program "all over again, I would build a much larger percentage" of plants using alcohol for production of rubber substitutes. The proposed legislation, designed to create an agency to increase supplies of artificial elastic, was introduced on June 18 by Senator Guy M. Gillette, Democrat, of Iowa. Associated Press advices from Washington, June 18, said: "The measure, conceived by the Senate agriculture subcommittee of which Senator Gillette is chairman, would establish a rubber supplies agency with sole authority over production of synthetic rubber derived from alcohol obtained from farm or forest products."

Rayon Deliveries Higher

Deliveries of rayon filament yarn to domestic consumers amounted to 231,400,000 pounds during the first half of 1942 as compared with shipments of 219,200,000 pounds reported for the correspoding period in 1941, states the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York. Shipments for the half year represented a gain of 6% and the total constituted a new high mark for deliveries for the period. For June alone, shipments aggregated 39,000,000 pounds as compared with 37,600,000 pounds delivered in May and 38,300,000 pounds shipped in June, 1941.

The "Organon" further reports:

"Rayon staple fiber deliveries to American mills during the first six months of the current year aggregated 75,600,000 pounds, an increase of 18% compared with deliveries of 64,300,000 pounds shipped in the corresponding 1941 period, and also a new high record for any six months' period. For June, staple fiber shipments totaled 13,600,000 pounds as compared with 12,600,000 pounds shipped in May and 12,400,000 pounds shipped in June, 1941.

"Stocks of rayon filament yarn in the hands of producers amounted to 5,800,000 pounds at the end of June as compared with 6,900,000 pounds at the end of May. Stocks of staple fiber held by producers totaled 2,300,000 pounds as of June 30 compared with 2,100,000 of May 31."

Scrap Rubber Drive Yields 334,000 Tons

The scrap rubber collection drive yielded 334,293 tons up to July 3, President Roosevelt was informed on July 6 by William R. Boyd, chairman of the Petroleum Industry War Council. The drive ended at midnight July 10 and final figures are expected to be announced soon. It had been originally slated for a two-weeks' campaign (ending June 30) but due to the disappointing results shown in the first 13 days, when 219,000 tons were turned in, the drive was extended an additional 10 days, as was noted in these columns July 2, page 18.

The accumulation of 334,293 tons represents a national pound per capita collection of 5.07, compared with 3.32 up to June 29.

The President on June 30 ordered all government bureaus in Washington and throughout the country to turn in every possible ounce of rubber to the scrap collection drive.

Defense Petroleum Coordinator Ickes on July 4 urged the Mayors of principal cities to reemphasize the importance of the drive to the public.

Vetoes Bill Which Would Deprive Of Citizenship

President Roosevelt on July 6 vetoed a bill providing for the loss of citizenship for persons convicted of fraudulent practices in connection with Government war contracts, saying that the penalty was "drastic." In indicating his disapproval, the President said:

"This drastic penalty has been confined under existing laws to the crimes of treason and desertion from the armed forces in time of war. Under this bill, if enacted, citizenship may be lost as a result of a misdemeanor. The extreme nature of this sanction not only constitutes a bad precedent, but does violence to our democratic concepts of fair and reasonable punishment for a particular crime. Apart from the undesirable features of this provision, there would seem to be adequate authority in the Criminal Code to deal with the substantiative evil sought to be remedied."

The President also objected to another section of the bill which would have extended for two years the present overtime compensation provisions affecting War and Navy Department employees. The President said that he favored instead a Civil Service Bill providing for a uniform and equitable basis of compensating the lower paid employees of the Federal Government for overtime work.

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June Retail Prices Recede Fractionally, According To Fairchild Publications Index

Retail prices receded fractionally in June, according to the Fairchild Publications Retail Price Index. The decline was only 0.1% below the previous month. However, this represents the second monthly decline, for quotations also eased slightly during the previous month, to the extent of 0.2%. This is the first time in several years that quotations eased for two consecutive months. However, prices are still 15.8% higher than a year ago, and 27.2% above the levels prevailing immediately before the outbreak of war in September, 1939.

The firm's announcement further states:

"With the exception of piece goods, which remained unchanged, every major subdivision, men's apparel, women's apparel, infants' wear and home furnishings, declined, with infants' wear showing the greatest reaction, 0.3%. In comparison with a year ago piece goods still show the greatest gain, an increase of 22.9%, and infants' wear the smallest, 10.1%. Piece goods quotations are also the highest above August, 1939, an increase of 33.7%, and infants' wear shows the smallest gain, 12.5% above August, 1939.

"While the composite index shows a fractional decline, the following commodities remained unchanged during the month: silks, cotton wash goods, women's underwear, women's shoes, men's hosiery, underwear, hats and caps and clothing including overalls, infants' shoes, furniture, floor coverings and radios. The greatest declines during the month were recorded by infants' socks and women's hosiery.

"With quotations as of July 1 only fractionally above the March level, the base for the General Maximum Price Regulation set by the Office of Price Administration, changes in retail quotations should be comparativevly nominal in the near future, according to A. W. Zelomek, economist under whose supervision the index is compiled. However, some upward movement is not unlikely as readjustments in individual items may be essential because of higher costs. While the recent piercing of price ceilings is not a forerunner of a breakdown of price control, further similar steps are expected but these should not become routine. According to Mr. Zelomek, popular support for price control should grow, and Congress will be forced to recognize it even though at present many Congressmen are not sympathetic."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
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	May 1, 1933	July 1, 1941	Apr. 1, 1942	May 1, 1942	June 1, 1942	July 1, 1942
Composite Index	69.4	97.7	112.5	113.4	113.2	113.1
Piece Goods	65.1	91.3	111.8	112.6	112.2	112.2
Men's Apparel	70.7	90.1	104.2	105.6	105.2	105.1
Women's Apparel	71.8	95.3	112.1	113.2	113.0	112.9
Infants' Wear	76.4	98.1	107.5	108.6	108.3	108.0
Home Furnishings	70.2	100.4	115.1	115.8	115.7	115.6
Piece Goods						
Silks	57.4	70.9	84.7	85.1	84.9	84.9
Woolens	69.2	91.8	107.8	108.5	108.4	108.2
Cotton Wash Goods	68.6	111.3	142.8	144.1	143.4	143.4
Domestic						
Sheets	65.0	99.3	126.7	127.7	127.2	127.0
Blankets & Comfortables	72.9	119.2	134.3	135.2	135.2	134.9
Women's Apparel						
Hosiery	59.2	73.3	92.7	94.8	94.5	94.1
Aprons & House Dresses	75.5	107.9	139.5	141.0	140.8	140.6
Corsets & Brassieres	83.6	93.5	110.0	111.4	111.4	111.3
Furs	66.8	121.5	*135.3	*136.3	*136.1	*136.0
Underwear	69.2	87.4	102.4	103.1	102.8	102.8
Shoes	76.5	89.0	92.1	92.5	92.5	92.5
Men's Apparel						
Hosiery	64.9	87.5	106.0	108.6	108.1	108.1
Underwear	69.6	92.8	114.4	115.6	114.7	114.7
Shirts & Neckwear	74.3	86.4	98.8	99.6	99.2	99.0
Hats & Caps	69.7	84.5	92.7	94.9	94.3	94.3
Clothing incl. Overalls	70.1	93.4	104.7	105.3	105.1	105.1
Shoes	76.3	95.9	108.3	109.8	109.6	109.5
Infants' Wear						
Socks	74.0	104.0	113.4	115.6	115.1	114.4
Underwear	74.3	95.3	103.2	103.8	103.8	103.6
Shoes	80.9	95.1	105.8	106.4	105.9	105.9
Furniture	69.4	113.3	129.1	129.3	129.2	129.2
Floor Coverings	79.9	133.6	145.2	147.0	146.8	146.8
Radios	50.6	54.5	*66.7	*66.8	*66.8	*66.8
Luggage	60.1	77.9	*94.7	*95.2	*95.0	*94.8
Electrical Household Appliances	72.5	82.9	*93.5	*93.6	*93.6	*93.5
China	81.5	100.3	110.4	110.9	110.8	110.7

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

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

Engineering Construction At $401,603,000 Second Highest Week Of Year

Engineering construction awards for the week total $401,603,000; the second highest weekly value ever reported, says the "Engineering News-Record" under date of July 9. It is also the second highest week of the year. The all-time record to date, $434,955,000, was established in the week of May 7 of this year. The Association's report continued as follows:

This week's total is 84½% above the preceding week's total and 34% above the corresponding high week of 1941 which totaled $298,718,000.

Public construction at $393,366,000 is 99% above last week and 45% above the same week last year, while private construction is 40% and 71% lower for the same weeks.

Federal construction continues at its high level and is 111% above last week and 59% above a year ago.

The current week's high value brings the total for the year to $5,524,720,000, a gain of 72% over the same period last year. Federal construction to date shows a gain of 180% over last year.

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

	7-10-41	7-2-42	7-9-42
Total Construction	$298,718,000	$217,823,000	$401,603,000
Private Construction	27,643,000	20,243,000	8,237,000
Public Construction	271,075,000	197,580,000	393,366,000
State and Municipal	28,707,000	13,804,000	8,271,000
Federal	242,368,000	183,776,000	385,095,000

Public buildings and unclassified construction are mainly responsible for the week's high total, while gains are also recorded in waterworks and sewerage construction. Subtotals for the week in each class of construction are: waterworks, $7,235,000; sewerage, $3,682,000; bridges, $669,000; industrial buildings, $868,000; commercial buildings and large-scale housing, $6,874,000; public buildings, $299,023,000; streets and roads, $9,994,000; earthwork and drainage, $2,246,000; and unclassified construction, $70,987,000.

New construction financing for the week is made up of state and municipal bonds totaling $1,374,000. The total for the year to date is $7,800,618 compared with $4,917,760 for the same period last year.

Bankers Dollar Acceptances Outstanding On June 30 Decline To $162,849,000

The volume of bankers' dollar acceptances outstanding on June 30 totaled $162,849,000, a decrease of $11,057,000 from the May 29 figure and a new low for the last 25 years, according to the monthly report of the Acceptance Analysis Unit of the Federal Reserve Bank of New York, issued July 13. The total amount of acceptances outstanding on May 29 was $173,906,000 and on June 30, 1941, $212,932,000.

In comparison with a month ago and a year ago, only credits for domestic shipments and domestic warehouse credits were higher.

The Reserve Bank's report follows:

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

Federal Reserve District—	June 30, 1942	May 29, 1942	June 30, 1941
1 Boston	$32,578,000	$31,939,000	$29,966,000
2 New York	95,176,000	106,856,000	134,636,000
3 Philadelphia	9,148,000	9,577,000	12,383,000
4 Cleveland	2,707,000	2,631,000	2,745,000
5 Richmond	1,255,000	1,330,000	839,000
6 Atlanta	2,408,000	2,661,000	2,319,000
7 Chicago	3,810,000	4,641,000	5,112,000
8 St. Louis	440,000	550,000	506,000
9 Minneapolis	113,000	179,000	122,000
10 Kansas City	-------	-------	-------
11 Dallas	2,143,000	2,189,000	505,000
12 San Francisco	13,071,000	11,353,000	23,799,000
Grand Total	$162,849,000	$173,906,000	$212,932,000

Decrease for month $11,057,000. Decrease for year $50,083,000.

ACCORDING TO NATURE OF CREDIT

	June 30, 1942	May 29, 1942	June 30, 1941
Imports	$93,950,000	$101,049,000	$123,107,000
Exports	12,557,000	15,800,000	24,265,000
Domestic shipments	14,312,000	11,886,000	10,934,000
Domestic warehouse credits	37,837,000	30,714,000	31,574,000
Dollar exchange	397,000	1,128,000	3,128,000
Based on goods stored in or shipped between foreign countries	3,796,000	13,329,000	19,924,000

BILLS HELD BY ACCEPTING BANKS

Own Bills $78,277,000 Bills of Others $43,664,000 Total $121,942,000
Decrease for month $10,571,000

Current Market Rates on Prime Bankers Acceptances July 13, 1942

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since July 31, 1939:

1939—		1940—		1941—	
July 31	$236,010,050	July 31	$188,350,000	July 31	$209,899,000
Aug. 31	235,034,177	Aug. 31	181,813,000	Aug. 30	197,472,000
Sept. 30	215,881,724	Sept. 30	176,614,000	Sept. 30	176,801,000
Oct. 31	221,115,945	Oct 31	186,789,000	Oct. 31	184,806,000
Nov. 30	222,599,000	Nov. 30	196,683,000	Nov. 29	193,590,000
Dec. 30	232,644,000	Dec. 31	208,659,000	Dec. 31	194,220,000
1940—		1941—		1942—	
Jan. 31	229,230,000	Jan. 31	212,777,000	Jan. 31	197,278,000
Feb. 29	233,015,000	Feb. 28	211,865,000	Feb. 28	190,010,000
Mar. 30	229,705,000	Mar. 31	217,312,000	Mar. 31	182,675,000
Apr. 30	223,305,000	Apr. 30	219,561,000	Apr. 30	177,293,000
May 31	213,685,000	May 31	215,005,000	May 29	173,906,000
June 29	206,149,000	June 30	212,932,000	June 30	162,849,000

Steel Output Again Higher—Scrap Easier—Directives Cover Nearly All Steel Orders

"Soon the WPB Iron and Steel Branch will announce that all steel mill products are to be directed on a quota basis," according to "The Iron Age" in its issue of today (July 15). "Each mill unit will be instructed to produce a specified tonnage of each product," states this publication, which further adds in part: "The new system, which aims toward product balance so that short items such as plates, structural steel, tubing and shell steel will be produced in adequate quantities, is being tested on a minor scale prior to application to the entire steel industry.

"The high operating rate reflects all out efforts of producers to keep their furnaces melting despite all obstacles. In peacetime, many units now operating would be down for repairs but the pressure to build the war machine is forcing producers to squeeze out every possible pound of metal.

"The scrap situation in some areas is temporarily easier but this condition is not expected to last.

"New light is thrown on the steel scrap situation with the release by the American Iron and Steel Institute, for the first time, of a pig iron and steel scrap analysis. The analysis shows, for example, that the steel industry opened 1941 with an inventory of 3,939,244 tons of iron, steel and alloy scrap, manufactured 25,775,584 tons in addition to 554,506 tons of synthetic, purchased 16,059,889 tons, consumed 43,704,038 tons, sold 461,529 tons and closed the year with an inventory of 2,158,656 tons.

"July apparently will set a new high in the volume of allocations and directives in the steel industry, with some companies reporting 80 to 90% of their business so covered and only a small portion of the July output remaining for A-1-a orders. Reports have cropped up that some fabricating plants making essential war goods have been forced to shut down some departments because they are unable to obtain deliveries on A-1-a material. The steel companies, on the other hand, because of allocations and directives which involve tremendous lend-lease tonnages, have no alternative but to follow orders of the WPB."

The American Iron and Steel Institute on July 13 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.1% of capacity for the week beginning July 13, compared with 97.7% one week ago, 98.3% one month ago and 95.2 one year ago. This represents an increase of 1.4 points, or 1.4% from the preceding week. The operating rate for the week beginning July 13 is equivalent to 1,683,300 tons of steel ingots and castings, compared to 1,659,600 tons one week ago, 1,669,700 tons one month ago, and 1,572,900 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on July 13 stated in part: "Extent to which allocations and directives have superseded priority ratings is indicated by the statement of an eastern steelmaker that more than 83% of its orders are covered by direct order and less than 17% is available for A-1-a or lower ratings. In the Chicago district mills estimate that approximately 90% of orders are on directives.

"Reclassification of orders under the new designations, AAA, AA-1, AA-2, etc., has not been undertaken to any extent, except that orders formerly rated at AA have automatically become AA-2. The latter rating now is the measure for deliveries on most products. For several weeks producers have been unable to promise definite deliveries on major products with A-1-a rating and at present this priority has practically no standing. Assignment of the higher ratings under the new plan is expected to appear soon but as long as the high proportion of allocations persists even these will not have much effect.

"Lend-lease requirements, about 650,000 tons per month, are increasingly contracting supply of semifinished steel for domestic products and some finishing mills are operating only intermittently as steel is received. This applies to sheets and wire especially."

U. S. Purchasing Agency Established In Brazil

A United States purchasing commission had been established in Brazil to take charge of the purchase and export of all strategic materials from Brazil, according to an announcement made in Rio de Janeiro on July 4 by Ambassador Jefferson Caffrey. The commission, the Associated Press reported, will start functioning immediately and will assume the duties here of the Metals Reserve Co., Defense Supplies Corp., Commodity Credit Corp., Rubber Reserve Co., and other United States Procurement agencies.

Mr. Caffery explained creation of the purchasing commission was made necessary by the heavy increase in Brazilian production and shipment of materials vital to the war effort.

The commission, it was explained, was established by agreement between the two governments, "and in anticipation of new agreements between the two governments."

Tool Engineers To Meet

Plans are now under way for the war production conference to be held by the American Society of Tool Engineers at Springfield, Mass., on Oct. 16 and 17. National officers of the Society and chairmen of the New England chapters have already launched plans for the meeting. It is stated that no fall session held by the A. S. T. E. in the past has ever placed as much stress on the technical problems as the planned war production conference, which has already listed five technical sessions on the two days. The conference committee, headed by past national President, Frank W. Curtis, is composed of the chairmen of the seven New England chapters and heads of Northern New Jersey and Schenectady, N. Y. chapters.

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Non-Ferrous Metals—250,000 Tons Of Frozen Copper To Be Released—Output Data Censored

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 July 9, stated: "The Code of Wartime Practices of the Office of Censorship states that statistical information other than officially issued by a proper government department which would disclose the amounts of strategic or critical materials produced, imported, or in reserve is not to be published in the press. Conforming with the censorship regulations, both the American Zinc Institute and the American Bureau of Metal Statistics withheld reports on smelter operations in zinc and lead usually released during the first week of the month. The publication further went on to say in part:

Copper

Priorities Regulation 13 was issued July 7 by the Division of Industry Operations governing special sales or idle or excess materials by persons who are not regularly engaged in the business of selling such materials. The order will release the equivalent of 250,000 tons of copper now frozen under conservation measures. Intake of scrap is increasing.

The price situation on both domestic and foreign copper was unchanged.

Lead

Most consumers of lead now are convinced that they will have to operate under the Production Requirements Plan. However, those in need of metal should experience no difficulty in obtaining supplies under the plan. Quotations were unchanged at 6.50c, New York, and 6.36c, St. Louis.

Owing to censorship regulations, the monthly statistics showing total stocks of lead in the hands of smelters and refiners, and receipts of lead in ore and scrap, are no longer available for publication.

Beginning with July, a separate order fixing the percentage of lead to be set aside for the pool will not be issued monthly by the Division of Industry Operations. Instead, the 15% deduction for the pool hereafter will apply to each month "until further notice." The base period for calculating pool requirements will be the second preceding month.

The latest report on relative scarcity of raw materials issued by the Conservation and Substitution Branch of WPB places lead in group three, which embraces commodities generally available in significant quantities as substitutes for less available materials.

Zinc

The American Zinc Institute announced on July 8 that circulation of statistics on smelter output has been restricted to members of the zinc industry because of censorship regulations.

The price situation was unchanged.

Tin

Exports of tin concentrate from Bolivia during April amounted to 3,244 metric tons (tin content), against 3,899 tons in the same month last year, according to Banco Minero de Bolivia. Exports during the first four months of the current year totaled 13,153 tons, against 13,210 tons in the Jan.-April period of 1941.

Straits quality tin for future delivery was nominally as follows:

	July	August	Sept.
July 2	52.000	52.000	52.000
July 3	52.000	52.000	52.000
July 4	—HOLIDAY—		
July 6	52.000	52.000	52.000
July 7	52.000	52.000	52.000
July 8	52.000	52.000	52.000

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

Quicksilver

Official advices from Mexico state that output of quicksilver in that country during February amounted to 116,199 kilograms, against 112,710 kilograms in January.

Price Administrator Henderson ruled last week that the maximum prices on quicksilver apply to every grade and kind sold in 76-pound flasks. Amendment 1 to the price schedule now defines "mercury" as prime virgin mercury, redistilled mercury, reclaimed mercury, and all other kinds and grades of mercury. The amended schedule, effective July 7, 1942, also provides that all kinds and grades of mercury sold in containers of 25 pounds or less shall be sold and bought for not more than the normal differentials prevailing between Oct. 1 and Oct. 15, 1941.

Quotations in New York during the last week were unchanged.

Silver

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

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

July	Electrolytic Copper Domest., Refin.	Electrolytic Copper Exp., Refin.	Straits Tin, New York	Lead New York	Lead St. Louis	Zinc St. Louis
2	11.775	11.700	52.000	6.50	6.35	8.25
3	11.775	11.700	52.000	6.50	6.35	8.25
4	Holiday	11.700	—Holiday—			
6	11.775	11.700	52.000	6.50	6.35	8.25
7	11.775	11.700	52.000	6.50	6.35	8.25
8	11.775	11.700	52.000	6.50	6.35	8.25
Average	11.775	11.700	52.000	6.50	6.35	8.25

Average prices for calendar week ended July 4 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).

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

Month—	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
January, 1942	7.4%	7.2%	7.6%	5.3%	4.5%	7.2%
February, 1942	7.2	7.4	7.7	5.6	4.6	7.1
March, 1942	7.7	8.2	8.5	6.0	5.0	7.7
April, 1942	7.7	8.3	8.9	6.1	5.3	7.8
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.3	6.6

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*	Aaa	Aa	A	Baa	R. R.	P. U.	Indus
			Corporate by Ratings*				Corporate by Groups*		
July 14	118.19	106.74	116.41	113.31	107.98	91.62	95.77	111.44	114.27
13	118.28	106.74	116.41	113.31	107.98	91.62	95.77	111.44	114.27
11	118.26	106.74	116.41	113.50	107.98	91.62	95.77	111.25	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
9	118.31	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.08
8	118.25	106.56	116.41	113.31	107.80	91.48	95.77	111.25	114.08
7	118.22	106.56	116.41	113.12	107.80	91.77	95.77	111.25	114.08
6	118.05	106.56	116.22	113.12	107.98	91.48	95.77	111.25	113.89
4	Exchange Closed								
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
2	118.12	106.56	116.41	113.12	107.98	91.19	95.62	111.07	114.08
1	118.18	106.39	116.41	112.93	107.80	91.19	95.62	111.07	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	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
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
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
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	111.44	114.27
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	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									
July 14, 1941	119.42	107.62	118.40	115.04	108.16	91.91	97.31	111.81	115.04
2 Years ago									
July 13, 1940	115.61	102.96	115.43	112.93	102.80	84.94	91.34	109.06	110.34

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

1942— Daily Average	Avge. Corporate	Aaa	Aa	A	Baa	R. R.	P. U.	Indus
		Corporate by Ratings				Corporate by Groups		
July 14	3.35	2.83	2.99	3.28	4.30	4.02	3.09	2.94
13	3.35	2.83	2.99	3.28	4.30	4.02	3.09	2.94
11	3.35	2.83	2.98	3.28	4.30	4.02	3.10	2.94
10	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
9	3.35	2.83	3.00	3.28	4.30	4.03	3.09	2.95
8	3.36	2.83	2.99	3.29	4.31	4.02	3.10	2.95
7	3.36	2.83	3.00	3.29	4.31	4.02	3.10	2.95
6	3.36	2.84	3.00	3.28	4.31	4.02	3.10	2.96
4	Exchange Closed							
3	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
2	3.36	2.83	3.00	3.28	4.33	4.03	3.11	2.95
1	3.37	2.83	3.01	3.29	4.33	4.03	3.11	2.96
June 26	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
19	3.37	2.84	3.01	3.30	4.33	4.04	3.12	2.96
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.95
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
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	4.05	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.24	3.91	3.09	2.94
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								
July 14, 1941	3.30	2.73	2.90	3.27	4.28	3.92	3.07	2.90
2 Years ago								
July 13, 1940	3.57	2.88	3.01	3.58	4.79	4.32	3.22	3.15

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

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

Electric Output For Week Ended July 11, 1942 Shows 7.9% 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 July 11, 1942, was 3,428,916,000 kwh., which compares with 3,178,054,000 kwh., in the corresponding period in 1941, a gain of 7.9%. The output for the week ended July 4, 1942, was estimated to be 3,424,188,000 kwh., an increase of 17.9% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended July 11, '42	July 4, '42	June 27, '42	June 20, '42
New England	3.3	17.3	3.2	6.1
Middle Atlantic	3.6	12.7	4.8	6.8
Central Industrial	4.1	15.1	4.3	7.5
West Central	2.9	13.3	4.3	9.9
Southern States	14.6	25.5	19.9	19.6
Rocky Mountain	4.8	10.4	4.8	6.3
Pacific Coast	18.5	25.7	20.7	17.8
Total United States	7.9	17.9	9.5	11.1

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
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	3,457,024	3,156,825	+ 9.5	2,659,825	1,456,961	1,723,428
July 4	3,424,188	2,903,727	+17.9	2,425,229	1,341,730	1,592,075
July 11	3,428,918	3,178,054	+ 7.9	2,651,626	1,415,704	1,711,625
July 18	------	3,199,105	----	2,681,071	1,433,993	1,727,225
July 25	------	3,220,526	----	2,760,935	1,440,386	1,723,031
Aug. 1	------	3,263,082	----	2,762,240	1,426,986	1,724,728

Export Rule Violators To Be Denied Licenses

A procedure whereby persons found violating any statutes, proclamations, executive orders or regulations governing the control of exports from the United States may be denied the privilege of obtaining export licenses was announced on July 1 by the Office of Exports of the Board of Economic Warfare. Under this plan any person charged with a violation will be given an opportunity of replying to the charges in writing or appearing personally before a Compliance Commissioner appointed by the Executive Director of the BEW.

The procedure is further explained by the Office of Exports as follows:

"The findings of the Compliance Commissioner will be advisory only and final disposition will be made by the Chief of the Export Control Branch, Office of Exports, Board of Economic Warfare. In any case where the Compliance Commissioner has found that a violation has occurred, the Chief of the Export Control Branch may issue an order denying the privelege of obtaining export licenses for such periods of time and on such terms as he may prescribe.

"Pending disposition of a case by the Chief of the Export Control Branch all proceedings shall be confidential.

"Any person denied the privilege of obtaining export licenses may appeal in writing to the Assistant Director of the Board of Economic Warfare in charge of the Office of Exports within 10 days after receipt of a suspension order. An order denying the privilege to obtain export licenses will remain in effect pending disposition of the appeal, unless otherwise ordered by the Assistant Director."

U.S.-Cuba Exchange Pact

The United States and Cuba signed on July 6 an agreement designed to stabilize the exchange rate of the Cuban peso and United States dollar. The document, effective for one year, was signed by Secretary of the Treasury Morgenthau, and the Cuban Ambassador, Dr. Aurelio F. Concheso.

According to the Associated Press, under its terms the United States undertakes to sell gold to the Government of the Republic of Cuba from time to time with payment to be made within 120 days after delivery of the gold provided that the unpaid-for amount of gold shall not at any time exceed $5,000,000.

Retires As Tax Official

The retirement of Daniel R. Spratt, Deputy Commissioner and director of local assessments and special franchise tax valuations of New York State, effective July 1, was announced in Albany on July 2 by Carroll E. Mealey, Commissioner of Taxation and Finance. Commissioner Mealey at the same time announced the provisional promotion of Raymond B. Slack, Mr. Spratt's assistant, to fill the vacancy.

Mr. Spratt has retired following 30 years of service in the State Tax Department. He had headed the Bureau of Local Assessments, Special Franchises, Land Tax and Equalization since 1923.

Moody's Daily Commodity Index

Tuesday, July 7	231.8
Wednesday, July 8	231.8
Thursday, July 9	233.6
Friday, July 10	233.4
Saturday, July 11	233.3
Monday, July 13	232.4
Tuesday, July 14	232.4
Two weeks ago, June 30	230.4
Month ago, June 13	228.4
Year ago, July 14	206.8
1941 High—Sept. 19	219.9
Low—Feb. 16	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

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Automobile Financing And Diversified Financing For Month Of May

An increase of 44% for May, 1942, over the preceding month in the number of new passenger cars financed was shown by data reported by sales finance companies, according to an announcement on July 2 by J. C. Capt, Director of the Census. The dollar volume of paper acquired in the financing of new passenger cars increased 43%. For new commercial cars, the number financed and the volume of paper acquired decreased 27% and 24%, respectively. Used passenger car financing decreased 11% for both the number of cars and the dollar volume. In the financing of used commercial cars, the number decreased 18% and the dollar volume of paper acquired dropped 19%.

During April, 1942, retail automotive outstandings of sales finance companies decreased 10%, slightly more than the decline registered for the preceding month.

The volume of paper acquired by sales finance companies in wholesale automotive financing decreased 19% for new cars and 7% for used cars from April to May of this year. The outstanding balances for wholesale automotive financings decreased 6% during May, continuing the downward swing from the high in February.

In retail diversified financing by sales finance companies for May, 1942, compared with the preceding month, the largest decrease (49%) was in the volume of financing of radios, pianos, and other musical instruments. The financing of household appliances, of refrigerators, and of furniture dropped 31%, 20%, and 12%, respectively. Financing of residential building repair and modernization increased slightly. In wholesale diversified financing the volume of paper acqured by sales finance companies was down 24% from April to May of this year.

Diversified outstanding balances held by sales finance companies recorded slight to moderate reductions during May. Outstanding balances were reduced 4% for the retail financing of other consumers' goods, 6% for industrial, commercial, and farm equipment, and 14% for wholesale diversified financing (other than automotive).

The ratios of the paper acquired during May, 1942, to the outstanding balances as of May 31, 1942, were 4% for retail automotive, 5% for wholesale automotive, 6% for retail-other consumers' goods, 5% for industrial, commercial, and farm equipment, and 6% for wholesale—other than automotive.

These data on the current trends of sales financing for the month of May were based on reports for April and for May from 280 sales finance companies. Neither the dollar volumes nor the indexes should be used to indicate the total amount of financing by all sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. All indexes for May were obtained by calculating the percent changes from April to May, as shown by data from reports for April and for May from sales finance companies reporting comparable data, and by linking these percentages to the indexes previously derived for April, 1942.

Sales—Finance Companies

AUTOMOTIVE AND DIVERSIFIED FINANCING

Volume of Paper Acquired During May, 1942, and Balances Outstanding May 31, 1942

Class of Paper—	Dollar volume of paper acquired during May, 1942: By all companies*	By all companies reporting outstanding balances†	Outstanding balances May 31, 1942†	Ratio of paper acquired to outstand'g balances‡
Total retail automotive	$28,895,558	$28,505,734	$801,141,011	4
Total wholesale automotive	15,904,014	15,857,152	337,165,703	5
Total wholesale—other than automotive	1,108,270	1,060,341	5,740,037	18
Total retail—other consum. goods	12,945,482	12,708,144	247,722,326	5
Industrial, commercial and farm equipment	639,505	628,511	9,847,339	6
Total sales financings	$59,492,829	$58,759,882	$1,401,616,416	4

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

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

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

AUTOMOTIVE FINANCING *

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

Class of Paper—	Number of cars: Number	% of total	Volume: Dollars	% of total
Total retail automotive	69,329	100	†$27,756,760	100
New passenger cars	6,833	10	5,224,375	19
New commercial cars	522	1	590,240	2
Used passenger cars	59,132	85	20,803,172	75
Used commercial cars	2,842	4	1,138,973	4
Total wholesale automotive	----	--	†$14,855,561	100
New cars (passenger and commercial)	----	--	10,991,760	74
Used cars (passenger and commercial)	----	--	3,863,801	26

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

DIVERSIFIED FINANCING *

Volume of Paper Acquired During May, 1942

Class of Paper—	Dollar volume	% of total
Retail—other consumers' goods:		
Furniture	$225,938	3
Radio, television sets, pianos & other musical instruments	93,331	1
Refrigerators (gas and electric)	879,934	12
Other household appliances	293,847	4
Residential building repair and modernization	3,594,841	49
Miscellaneous retail	506,525	7
Total retail—other consumers' goods	†5,594,416	76
Total wholesale—other than automotive	1,103,270	15
Industrial, commercial, and farm equipment	639,505	9
Total diversified financing	$7,342,191	100

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

Cottonseed Receipts Continue Small

On June 13 the Bureau of the Census issued the following statement showed cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the eleven months ended with June, 1942 and 1941:

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

	Received at mills* Aug. 1 to June 30 1942	1941	Crushed Aug. 1 to June 30 1942	1941	On hand at mills June 30 1942	1941
United States	3,932,241	4,470,696	3,946,664	4,319,107	116,106	190,431
Alabama	222,314	210,164	228,716	198,217	4,771	12,529
Arizona	78,234	80,261	78,060	80,249	391	20
Arkansas	475,505	536,206	478,027	498,910	22,408	42,851
California	158,494	201,582	161,363	194,998	3,626	9,653
Georgia	269,059	416.195	279,641	389,519	8,334	27,803
Louisiana	85,798	133,055	85,482	132,946	842	363
Mississippi	568,048	497,131	561,465	492,156	10,609	11,489
North Carolina	215,099	276,379	218,378	268,845	6,457	11,144
Oklahoma	239,381	237,279	230,378	236,102	9,535	1,685
South Carolina	121,899	274,333	124,243	271,804	664	3,043
Tennessee	397,605	399,591	399,318	367,460	18,955	33,257
Texas	960,666	1,088,659	959,515	1,070,753	28,345	33,653
All other States	140,139	119,861	142,078	117,148	1,169	2,934

*Does not include 130,529 and 39,507 tons on hand Aug. 1 nor 66,103 and 58,912 tons reshipped for 1942 and 1941, respectively. Does include 665 tons destroyed for 1941.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand August 1	Produced Aug. 1 to June 30	Shipped out Aug. 1 to June 30	On hand June 30
Crude oil	1941-42	*29,708	1,228,850	1,229,490	*51,291
(thousand pounds)	1940-41	37,352	1,399,183	1,397,845	51,961
Refined oil	1941-42	†294,005	‡1,120,866	------	†369,745
(thousand pounds)	1940-41	493,658	1,294,824	------	372,756
Cake and meal	1941-42	164,444	1,721,279	1,635,008	250,715
(tons)	1940-41	79,501	1,918,086	1,773,312	224,275
Hulls	1941-42	151,439	976,549	1,054,095	73,893
(tons)	1940-41	20,914	1,085,975	925,459	181,430
Linters	1941-42	123,154	1,162,485	1,234,994	50,645
(running bales)	1940-41	129,340	1,183,891	1,133,910	179,321
Hull fiber	1941-42	1,834	30,393	31,923	304
(500-lb. bales)	1940-41	1,215	36,286	35,252	2,249
Grabbots, motes, &c.	1941-42	6,183	53,874	36,972	23,085
(500-lb. bales)	1940-41	12,449	48,956	52,188	9,217

*Includes 13,192,000 and 39,298,000 pounds held by refining and manufacturing establishments and 7,859,000 and 3,976,000 pounds in transit to refiners and consumers Aug. 1, 1941 and June 30, 1942, respectively.

†Includes 7,268,000 and 3,943,000 pounds held by refiners, brokers, agents and warehousemen at places other than refineries and manufacturing establishments and 3,903,000 and 4,149,000 pounds in transit to manufacturers of shortening, oleomargarine, soap, etc. Aug. 1, 1941 and June 30, 1942, respectively.

‡Produced from 1,200,300,000 pounds of crude oil.

Exports and Imports of Cottonseed Products

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

Weekly Statistics Of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity: Current*	*Cumulative*
1942—Week Ended—					
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
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120,359	231,368	72	92
July 4	94,257	100,337	223,809	59	91

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.

Bank Debits For Month Of June

Bank debits as reported by banks in 274 leading centers for the month of June aggregated $50,110,000,000. During the past three months total debits for the same centers amounted to $145,078,000,000 or 10% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 3% compared with the corresponding three months' period a year ago, and at the 273 other centers there was an increase of 14%.

The report covering the month of May appeared in the June 18, 1942 issue of the "Chronicle" on page 2317.

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

Federal Reserve District—	June 1942	June 1941	—3 Months Ended— June 1942	June 1941
Boston	2,854	2,490	8,410	7,354
New York	19,346	18,990	55,803	53,889
Philadelphia	2,553	2,667	7,501	7,577
Cleveland	3,810	3,267	10,922	9,472
Richmond	2,065	1,796	6,039	5,117
Atlanta	1,637	1,390	4,921	4,205
Chicago	7,911	6,928	22,800	19,805
St. Louis	1,651	1,506	4,934	4,288
Minneapolis	926	814	2,708	2,444
Kansas City	1,683	1,384	4,738	4,011
Dallas	1,305	1,092	3,837	3,266
San Francisco	4,371	3,613	12,465	10,404
†Total, 274 centers	50,110	45,937	145,078	131,831
New York City*	17,394	17,282	50,402	49,063
140 other centers*	28,295	24,866	82,000	71,760
†133 other centers	4,421	3,789	12,675	11,008

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

†Excluding centers for which figures were not collected by the Board before May 1942.

Lend-Lease Farm Product Deliveries To June 1

The Department of Agriculture reported on July 5 that more than 5,178,000,000 pounds of farm products had been delivered to representatives of the United Nations for Lend-Lease shipment up to June 1. Total cost of these products, bought by the Agricultural Marketing Administration and delivered at shipping points since the program began in April, 1941, has approximated $701,000,000.

The Agriculture Department further reported:

"During May, 200,914,489 pounds costing $41,528,179 were delivered. The largest transfers were for meats and dairy products, meats totaling 52,098,154 pounds and dairy products 40,383,556 pounds.

"The per unit cost of all commodities delivered in May averaged 20.6 cents a pound.

"Leading commodity groups delivered, with cumulative values up to June 1, 1942, were: dairy products and eggs, $224,378,773; meat, fish, and fowl, $211,615,575; fruits, vegetables, and nuts, $54,854,382; grain and cereal products, $27,714,251; lards, fats, and oils, $56,006,163. Purchases of other foodstuffs totaled $5,109,791 and non-foodstuffs, $121,378,244.

REA Prepaid On Loans

The U. S. Department of Agriculture said on June 30 that 87 rural electric systems, financed by the Rural Electrification Administration, in 24 States paid $502,340 on their REA loans in advance of due dates during the month of May. The Department added:

"Prepayments on funds loaned by the REA totaled $5,657,717 on June 1. This was in addition to regular principal and interest payments of $15,155,941 made as scheduled in loan contracts. Accounts as much as 30 days past due totaled only $246,181. Only 59 systems of 871 financed by REA were delinquent in their payments."

"May set an all-time high record for advance payments," REA Administrator Harry Slattery said. "Among the systems that are keeping ahead of their amortization schedules are many operating in areas in which electrification was formerly thought to be not economically feasible." It was added that the REA on April 1 had advanced $344,620,369 on loans to borrowers in 45 States, Alaska and the Virgin Islands. The 788 systems energized on that date were operating 359,549 miles of line, serving 946,371 farm and other rural consumers.

Complete Army Supply Bill

President Roosevelt signed on July 2 the $42,800,000,000 War Department Appropriation Bill.

Legislative action on the measure—the largest appropriation request in the nation's history—was completed on June 30.

Passing the bill on a voice vote, the Senate returned the measure to the House where concurrence on June 30 in two minor amendments was given.

This appropriation bill is more than $1,000,000,000 in excess of the total direct outlay for the first World War. It carries funds for the purchase of 23,550 airplanes and about 100,000 tanks and for equipping and maintaining an army of 4,500,000 men by July 1, 1943.

Associated Press advices June 30 said:

"Of the total amount appropriated, $12,700,000,000 would be set aside for lend-lease operations, $11,316,000,000 allocated to the aviation program, $9,948,000,000 for ordnance purchases and $3,721,000,000 for transportation and equipment."

House passage of the measure on June 23 was reported in our June 25 issue, page 2392.

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Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report states that the total production of soft coal in the week ended July 4, curtailed by the miners' holiday and the universal observance of Independence Day, dropped to 8,135,000 tons. This compares with 11,425,000 tons in the preceding week, and 6,822,000 tons in the corresponding week last year.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended July 4 was estimated at 941,000 tons, a decrease of 297,000 tons, or 24% from the preceding week. Due to the miners' vacation, the output for the week of July 5, 1941 was only 64,000 tons. The calendar year to date shows a gain of 11.2% when compared with the corresponding period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of by product coke in the United States for the week ended July 4 showed an increase of 4,200 tons when compared with the output for the week ended June 27. The quantity of coke from beehive ovens decreased 33,700 tons during the same period.

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

(Data for Pennsylvania anthracite from Weekly Anthracite and Beehive Coke Report of the Bureau of Mines; data for crude petroleum computed from weekly statistics of American Petroleum Institute.)

	Week Ended			January 1 to Date		
Bituminous and lignite coal—	July 4, 1942	†June 27, 1942	July 5, 1941	July 4, 1942	July 5, 1941	July 3, 1937
Total, incl. mine fuel	8,135	11,425	6,822	290,469	233,443	227,625
Daily average	‡2,034	1,904	2,006	1,880	1,508	1,465
*Crude petroleum—						
Coal equivalent of weekly output	5,281	5,958	5,860	160,039	156,751	143,336

*Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1939, page 702). †Revised. ‡Average based on a 4-day working week.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn anthracite—	§July 4, 1942	June 27, 1942	July 5, 1941	§July 4, 1942	July 5, 1941	July 6, 1929
*Total, incl. colliery fuel	941,000	1,238,000	64,000	29,997,000	26,965,000	36,284,000
†Commercial production	894,000	1,176,000	61,000	28,497,000	25,617,000	33,672,000
Beehive coke—						
United States total	138,000	171,700	121,400	4,022,200	3,046,700	3,497,300
By-product coke—						
United States total	1,188,800	1,184,600	‡	31,048,900	‡	‡

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

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

[In Thousands of Net Tons]

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

	Week Ended					June avge.
State—	June 27, 1942	June 20, 1942	June 28, 1941	June 29, 1940	June 26, 1937	¶1923
Alaska	4	5	4	3	3	**
Alabama	393	386	368	284	246	387
Arkansas and Oklahoma	78	80	21	19	17	70
Colorado	138	130	103	57	80	175
Georgia and North Carolina	1	1	1	††	††	**
Illinois	1,212	1,151	1,102	748	604	1,243
Indiana	402	311	451	272	246	416
Iowa	47	46	43	48	16	88
Kansas and Missouri	142	125	145	90	72	128
Kentucky—Eastern	973	978	983	786	704	661
Kentucky—Western	241	242	210	116	121	183
Maryland	42	39	40	22	24	47
Michigan	5	2	††	††	4	12
Montana (bituminous and lignite)	61	52	48	48	35	38
New Mexico	29	30	22	22	22	51
North and South Dakota (lignite)	27	18	25	16	12	**14
Ohio	757	743	667	458	416	888
Pennsylvania (bituminous)	2,850	2,778	3,030	2,192	1,934	3,613
Tennessee	154	152	153	117	98	113
Texas (bituminous and lignite)	5	6	7	15	18	21
Utah	113	111	47	38	34	89
Virginia	408	410	403	277	231	240
Washington	44	40	29	27	30	40
*West Virginia—Southern	2,302	2,297	2,382	1,891	1,620	1,380
†West Virginia—Northern	889	883	893	582	565	856
Wyoming	108	108	108	71	81	104
‡Other Western States	††	1	††	††	††	**5
Total bituminous and lignite	11,425	11,125	11,285	8,199	7,233	10,866
§Pennsylvania anthracite	1,238	1,212	1,314	1,065	937	1,956
Total, all coal	12,663	12,337	12,599	9,264	8,170	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.

Wholesale Commodity Prices Continue Steady In July 4 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on July 9 that average primary market prices for most industrial commodities have continued comparatively steady since the effective date of the General Maximum Price Regulation. During the week ended July 4 higher prices for certain farm products, particularly livestock, cotton and fresh vegetables, for gasoline and some types of West Coast lumber caused the Bureau's comprehensive index of 889 price series to advance 0.1%. The general level is now at 98.5% of the 1926 average and is 12.3% above last year at this time.

In addition to an advance of 0.5% in average prices for building materials, fuel and lighting materials increased 0.4%; farm products, 0.3%; and miscellaneous commodities, 0.1%. Indexes for the remaining six commodity groups were unchanged from levels of the previous week.

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.

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The following table shows index numbers of the principal groups of commodities for the past 3 weeks, for June 6, 1942 and July 5, 1941, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to July 4, 1942, from—		
Commodity Groups—	7-4 1942	6-27 1942	6-20 1942	6-6 1942	7-5 1941	6-27 1942	6-6 1942	7-5 1941
All Commodities	*98.5	*98.4	*98.1	*98.7	87.7	+0.1	—0.2	+12.3
Farm products	104.9	104.6	104.5	105.6	84.1	+0.3	—0.7	+24.7
Foods	99.3	99.3	98.4	99.7	84.1	0	—0.4	+18.1
Hides and leather products	118.9	118.9	118.9	118.8	108.8	0	+0.1	+ 9.3
Textile products	97.3	97.3	97.3	97.2	84.1	0	+0.1	+15.7
Fuel and lighting materials	79.5	79.2	79.0	78.9	79.0	+0.4	+0.8	+ 0.6
Metals and metal products	*104.0	*104.0	*104.0	*104.0	98.4	0	0	+ 5.7
Building materials	110.6	110.0	109.9	109.9	101.7	+0.5	+0.6	+ 8.8
Chemicals and allied products	97.2	97.2	97.2	97.2	84.6	0	0	+14.9
Housefurnishing goods	104.5	104.5	104.5	104.5	94.3	0	0	+10.8
Miscellaneous commodities	90.1	90.0	90.0	90.0	81.2	+0.1	+0.1	+11.0
Raw materials	99.9	99.6	98.7	100.4	84.9	+0.3	—0.5	+17.7
Semimanufactured articles	92.8	92.8	92.6	92.7	87.4	0	+0.1	+ 6.2
Manufactured products	*98.9	*98.8	*98.8	*98.9	89.4	+0.1	0	+10.6
All commodities other than farm products	*97.2	*97.1	*96.7	*97.2	88.5	+0.1	0	+ 9.8
All commodities other than farm products and foods	*96.1	*96.0	*95.9	*95.9	89.2	+0.1	+0.2	+ 7.7

*Preliminary.

National Fertilizer Association Commodity Price Index Advances Fractionally

The general level of commodity prices was slightly higher last week, according to the wholesale price index compiled by The National Fertilizer Association and published on July 13. In the week ended July 11, 1942 this index advanced fractionally to 128.9 from 128.8 in the preceding week. A month ago it was 127.7, and a year ago 111.9, based on the 1935-1939 average as 100. The Associations report also added:

"The continuance of the upward trend in the all-commodity index was due to higher prices for farm products, textiles, and foods. In the farm product group price increases for cotton, grains, cattle, and poultry offset decreases in hogs and sheep. Trends in foodstuff prices were mixed during the week, with declines in canned beans and tomatoes, potatoes, and cottonseed oil offset by substantial increases in other important commodities; the result was a small rise in the food group average to the highest point in several years. The textile group continued to regain a former drop. The only other group average to change during the week was the miscellaneous commodities index, which declined slightly.

During the week changes in the index were nearly evenly balanced, with 12 price series advancing and 11 declining; in the preceding week there were 15 advances and 7 declines; in the second preceding week there were 14 advances and 8 declines.

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

% Each Group Bears to the Total Index	Group	Latest Week July 11 1942	Preceding Week July 4 1942	Month Ago May 30 1942	Year Ago July 12 1941
25.3	Foods	125.9	125.7	125.6	106.4
	Fats and Oils	137.3	137.8	138.7	118.2
	Cottonseed Oil	159.6	161.3	163.0	132.8
23.0	Farm Products	137.4	126.7	136.5	111.6
	Cotton	189.9	187.5	187.5	142.1
	Grains	113.2	111.6	114.1	99.5
	Livestock	133.5	133.3	132.2	108.8
17.3	Fuels	125.2	125.2	119.5	110.4
10.8	Miscellaneous commodities	128.0	128.1	127.7	120.6
8.2	Textiles	149.1	148.5	148.9	134.7
7.1	Metals	104.4	104.4	104.4	103.9
6.1	Building materials	151.6	151.6	151.7	118.5
1.3	Chemicals and drugs	120.7	120.7	120.7	105.2
.3	Fertilizer materials	117.8	117.8	118.7	111.9
.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	128.9	128.8	127.7	111.9

*Indexes on 1926-1928 base were: July 11, 1942, 100.4; July 4, 100.3; July 12, 1941, 87.2.

U. S. Steel Corp. Shipments Decreased In June—Six Months Total Highest In Its History

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of June, 1942, amounted to 1,774,068 net tons, as compared with 1,834,127 net tons in the preceding month (May), a decrease of 60,059 net tons, and with 1,668,637 net tons in the corresponding month in 1941 (June), an increase of 105,431 net tons.

For the year 1942 to date, shipments were 10,503,507 net tons compared with 10,052,877 net tons in the comparable period of 1941, an increase of 450,630 net tons.

The June shipments were the highest on record for that month. Total shipments during the second quarter and the six-month period ended June 30 were also the highest in the corporation's history.

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

	1942	1941	1940	1939	1938	1929
January	1,738,893	1,682,454	1,145,592	870,866	570,264	1,364,801
February	1,616.587	1,548,451	1,009,256	747,427	522,395	1,388,407
March	1,780,938	1,720,366	931,905	845,108	627,047	1,605.510
April	1,758,894	1,687,674	907,904	771,752	550,551	1,617,302
May	1,834,127	1,745,295	1,084,057	795,689	509,811	1,701,874
June	1,774,068	1,668,637	1,209,684	607,562	524,994	1,529,241
July	------	1,666,667	1,296,887	745,364	484,611	1,480,008
August	------	1,753,665	1,455,604	885,636	615,521	1,500,281
September	------	1,664,227	1,392,838	1,086,683	635,645	1,262,874
October	------	1,851,279	1,572,408	1,345,855	730,312	1,333,385
November	------	1,624,186	1,425,352	1,406,205	749,328	1,110,050
December	------	1,846,036	1,544,623	1,443,969	765,868	931,744
Total by mos.	------	20,458,937	14,976,110	11,752,116	7,286,347	16,825,477
Yearly adjust.	------	*42,000	37,639	*44,865	29,159	*12,827
Total	------	20,417,000	15,013,749	11,707,251	7,315,506	16,812,650

*Decrease.

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

President Reports On Use Of "Blank Check" Funds

President Roosevelt, in a report to Congress on July 1 as to the status of the emergency funds of $239,500,000 made available to him by Congress under "blank check" authority, said that the money had "made it possible to initiate programs without delay and thus materially expedite our war effort." The President stated that 87% of the funds had been allocated to four agencies—War and Navy Departments, Maritime Commission and Federal Loan Agency. Mr. Roosevelt asserted that through the emergency fund "the construction of cantonments and hemisphere bases was started, the building of ships expedited and the stockpiles of wool and copper procured" and that "in many instances subsequent appropriations were made for the continuation of these projects and programs."

The President's advices, as contained in a letter to Speaker of the House Rayburn, on July 1, follows:

"Sir: Pursuant to the provisions of the act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1941, approved June 11, 1940, and the Military Appropriation Act, 1941, approved June 13, 1940, requiring that an account be kept of all expenditures made or authorized under the emergency funds for the President appropriated in these acts and a report thereon submitted to the Congress on or before June 30, 1942, there is transmitted a report of the status of these funds as of May 31, 1942.

"This report sets forth such allocation under these appropriations, the obligations incurred, and the amount expended in liquidation of those obligations.

"Of the total amount of $239,500,000 available, 87% was allocated to four agencies—the War Department, the Navy Department, the Maritime Commission and the Federal Loan Agency. Through this means the construction of cantonments and hemisphere bases was started, the building of ships expedited, and the stockpiles of wool and copper procured. In many instances subsequent appropriations were made for the continuation of these projects and programs, but in providing the emergency fund for the President the Congress made it possible to initiate such programs without delay and thus materially expedite our war effort."

New Exposure Meter For Amateur Photographers

The American Standards Association announces completion of a new emergency standard which, while intended for the Army and Navy, will help amateur photographers all over the country to take better pictures. The new standard is a Photographic Exposure Computer—a simple pocket-size device for finding the correct exposure for any time of day in any habitable part of the world. The Association further says:

"It was prepared at the request of the U. S. Navy for use on ships and planes by the Army and Navy, but it will also be issued in a civilian edition which may be obtained and used by any amateur photographer. The civilian edition is identical to the Army and Navy edition except for use of priority materials required by the services because of rigorous conditions. The civilian edition, a 24-page booklet with a fabricoid cover, will retail at $1 per copy.

"Purpose of this Exposure Computer is to provide a simple but accurate method of estimating the various factors that enter into taking a picture, and thus to help the amateur judge exposure time and camera lens opening."

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Steel Output In Half-Year Sets Record

Production of steel ingots and castings in the first six months of 1942 established a new peak of 42,570,247 net tons, more than 4% above production in the corresponding period of the record-breaking year 1941, according to a report released on July 9 by the American Iron and Steel Institute. Open hearth steel production in the half-year just ended amounted to 37,889,027 tons, or 2% above the first half of last year, and Bessemer steel production of 2,798,856 tons was 8% higher. Production of electric furnace steel in the first six months of 1942 totaled 1,882,364 tons, or almost half again as much as was produced in the corresponding period of 1941.

Total steel production in the month of June was 7,022,155 tons, equivalent to 96.4% of capacity. By comparison, production in May amounted to 7,386,890 tons, 98.2% of capacity. In June a year ago, 6,792,751 tons of steel were produced, equivalent to 98.1% of what was then the industry's capacity.

An average of 1,636,866 tons of steel was produced per week in June, as against 1,667,470 tons per week in May and 1,583,392 tons per week in June, 1941.

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

Period	Estimated Production —All Companies— Net tons	Total Percent of capacity	Calculated weekly production, all companies (net tons)	Number of weeks in month
1942 †				
January	7,124,922	94.7	1,608,335	4.43
February	6,521,056	96.0	1,630,264	4.00
March	7,392,911	98.2	1,668,829	4.43
1st Quarter	21,038,889	96.3	1,635,994	12.86
April	7,122,313	97.7	1,660,213	4.29
May	7,386,890	98.2	1,667,470	4.43
June	7,022,155	96.4	1,636,866	4.29
2nd Quarter	21,531,358	97.4	1,654,985	13.01
1st 6 months	42,570,247	96.9	1,645,545	25.87
1941 †				
January	6,922,352	96.8	1,562,608	4.43
February	6,230,354	96.5	1,557,589	4.00
March	7,124,003	99.6	1,608,127	4.43
1st Quarter	20,276,709	97.7	1,576,727	12.86
April	6,754,179	97.6	1,574,401	4.29
May	7,044,565	98.5	1,590,195	4.43
June	6,792,751	98.1	1,583,392	4.29
2nd Quarter	20,591,495	98.1	1,582,744	13.01
1st 6 months	40,868,204	97.9	1,579,753	25.87
July	6,812,224	93.3	1,541,227	4.42
August	6,997,496	95.6	1,579,570	4.43
September	6,811,754	96.3	1,591,531	4.28
3rd Quarter	20,621,474	95.1	1,570,562	13.13
9 months	61,489,678	96.9	1,576,658	39.00
October	7,236,068	98.9	1,633,424	4.43
November	6,960,885	98.2	1,622,584	4.29
December	7,150,315	97.9	1,617,718	4.42
4th quarter	21,347,268	98.3	1,624,602	13.14
Total	82,836,946	97.3	1,588,741	52.14

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

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

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

Mortgage Financing Down

The Federal Home Loan Bank Administration announced on June 29 that mortgage financing operations of lenders throughout the country were curtailed sharply during May, a month during which mortgage recording activity is expected to closely approach the peak for the year. The volume of non-farm mortgages of $20,000 or less filed for public record during May amounted to $350,000,000, a reduction of $10,000,000 or 3% from April and was 20% below recordings during May of last year. This contra-seasonal April-to-May decline of 3% compares unfavorably with the 10% average increase shown between these months during the last three years.

The Bureau's "Mortgage Recording Letter" further said:

"Real estate financing activity has in recent years followed a similar seasonal pattern to residential construction. In fact, trends in mortgage financing are usually very sensitive to changes in the volume of new residential building. Even though construction activity during the latter half of last year fell off rapidly as a result of material shortages and priority allocations, the mortgage financing market remained quite steady up to the year's end. This stability resulted in part from the emphasis placed by mortgage lenders on home purchase loans and the increased efforts of some lending institutions to dispose of owned real estate. Relatively small reductions in loans for the purpose of remodeling and reconditioning homes, particularly in critical war production areas, coupled with increased average size loans also contributed towards maintaining a relatively high volume mortgage financing despite sharply curtailed construction activity."

Type of Lender—	May, 1942 Volume (000)	% of Total	% Chng. from April	May, 1941 Volume (000)	% of Total	% Chng. May, '41-May, 42	Cumulative Recordings January-May (000) 1942	1941	% Chng.
S. & L. Assns.	$107,937	30.8	—0.6	$143,770	33.0	—24.9	$494,139	$567,870	—13.0
Insurance Cos.	31,870	9.1	—7.8	35,635	8.2	—10.8	158,504	147,197	+ 7.7
Bk. & Tr. Cos.	77,563	22.2	—5.5	107,151	24.6	—27.6	385,583	444,908	—13.3
Mutual Sav. Bks.	15,904	4.5	+3.9	19,705	4.5	—19.3	67,304	75,202	—10.5
Individuals	63,807	18.2	+1.8	69,836	16.0	— 8.6	299,252	301,523	— 0.8
Others	53,196	15.2	—6.4	59,864	13.7	—11.1	258,446	250,949	+ 3.0
Total	$350,187	100.0	—2.7	$435,961	100.0	—19.7	$1,663,228	$1,787,649	— 7.0

Statutory Debt Limit As of June 30, 1942

The Treasury Department made public on July 2, its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on June 30, 1942, totaled $74,154,457,607, thus leaving the face amount of obligations which may be issued subject to the $125,000,000,000 statutory debt limitation at $50,845,542,393. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($74,154,457,607) should be deducted $2,294,720,639 (the unearned discount on savings bonds), reducing the total to $71,859,736,968 and to this figure should be added $562,708,148 (the other public debt obligations outstanding) which, however, are not subject to the statutory limitation. Thus, the total gross debt outstanding as of June 30 was $72,422,445,116.

The following is the Treasury's report for June 30:

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

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

Total face amount that may be outstanding at any one time			$125,000,000,000
Outstanding as of June 30, 1942:			
Interest-bearing:			
Bonds—			
Treasury	$38,084,533,250		
Savings (maturity value)*	12,482,909,100		
Depositary	78,953,000		
Adjusted service	728,665,857		
		$51,375,061,207	
Treasury notes	$13,955,776,350		
Certificates of indebtedness	6,228,013,000		
Treasury bills (maturity value)	2,508,298,000		
		22,692,087,350	
		$74,067,148,557	
Matured obligations, on which interest has ceased		87,309,050	
			74,154,457,607
Face amount of obligations issuable under above authority			$50,845,542,393

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY, JUNE 30, 1942

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act, as amended		$74,154,457,607
Deduct, unearned discount on savings bonds (difference between current redemption value and maturity value)		2,294,720,639
		$71,859,736,968
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (pre-war, etc.)	$195,990,180	
Matured obligations on which interest has ceased	10,990,680	
Bearing no interest	355,727,288	
		562,708,148
Total gross debt outstanding as of June 30, 1942		$72,422,445,116

*Approximate maturity value. Principal amount (current redemption value), according to preliminary public debt statement, $10,188,188,461.

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on July 9 that as of the close of business June 30, there were 1,152 bond issues aggregating $61,899,239,025 par value listed on the New York Stock Exchange with a total market value of $59,112,072,945. This compares with 1,166 bond issues aggregating $61,956,472,933 par value listed on the Exchange on May 29 with a total market value of $59,257,509,674.

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

Group—	—May 29, 1942— Market Value $	Average Price $	—June 30, 1942— Market Value $	Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	44,133,391,864	105.82	44,095,078,402	105.72
U. S. companies:				
Amusements	35,507,482	99.62	35,418,372	99.37
Automobile	13,469,068	103,23	13,496,486	103.44
Building	17,215,735	92.94	17,555,370	94.77
Business and office equipment	14,925,000	99.50	15,037,500	100.25
Chemical	75,179,563	98.73	74,470,748	98.26
Electrical equipment	35,950,000	102.71	36,318,750	103.77
Financial	57,418,613	99.89	57,287,184	99.63
Food	222,058,168	103.83	222,068,122	103.93
Land and realty	9,353,100	68.10	9,176,304	66.81
Machinery and metals	45,179,879	99.13	44,327,159	99.16
Mining (excluding iron)	90,141,762	56.94	87,896,329	55.97
Paper and publishing	50,732,342	99.90	50,828,992	100.09
Petroleum	586,345,656	101.78	588,180,881	102.42
Railroad	6,364,830,543	61.57	6,231,242,478	60.59
Retail merchandising	11,727,660	77.71	11,518,206	77.26
Rubber	72,800,765	99.08	72,984,463	99.33
Ship building and operating	11,299,920	98.50	11,127,840	97.00
Shipping services	17,684,317	63.82	17,130,120	61.82
Steel, iron and coke	548,159,660	100.01	547,358,766	99.86
Textiles	26,266,730	98.95	26,649,130	100.39
Tobacco	139,565,967	104.41	145,815,300	104.40
Utilities:				
Gas and electric (operating)	3,259,664,000	105.91	3,276,704,089	106.31
Gas and electric (holding)	100,243,275	97.82	99,766,793	99.11
Communications	1,194,913,134	106.49	1,193,272,890	106.34
Miscellaneous utilities	87,704,945	59.59	84,955,359	57.73
U. S. companies oper. abroad	105,852,556	58.22	104,511,667	57.48
Miscellaneous businesses	31,252,500	102.47	31,265,000	102.51
Total U. S. companies	13,225,442,340	77.14	13,106,364,300	76.66
Foreign government	1,197,259,719	53.47	1,208,511,098	54.16
Foreign companies	701,415,751	81.05	702,119,145	81.25
All listed bonds	59,257,509,674	95.64	59,112,072,945	95.50

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

1940—	Market Value $	Average Price $	1941—	Market Value $	Average Price $
May 31	46,936,861,020	87.87	June 30	53,237,234,699	94.80
June 29	47,665,777,410	90.14	July 31	53,259,696,637	95.04
July 31	48,601,638,211	90.86	Aug. 30	53,216,867,646	94.86
Aug. 31	49,238,728,732	91.33	Sept. 30	53,418,055,935	94.74
Sept. 30	49,643,200,867	92.08	Oct. 31	55,106,635,894	95.25
Oct. 31	50,438,409,964	92.84	Nov. 29	54,812,793,945	94.80
Nov. 30	50,755,887,399	93.58	Dec. 31	55,033,616,312	94.50
Dec. 31	50,831,283,315	93.84	1942—		
1941—			Jan. 31	56,261,398,371	95.24
Jan. 31	50,374,446,095	93.05	Feb. 28	57,584,410,504	95.13
Feb. 28	50,277,456,796	92.72	Mar. 31	58,140,382,211	95.97
Mar. 31	52,252,053,607	93.73	Apr. 30	57,923,553,616	95.63
Apr. 30	52,518,036,554	94.32	May 29	59,257,509,674	95.64
May 30	52,321,710,056	94.22	June 30	59,112,072,945	95.50

Five Nations Set Up War Relief Wheat Pool

The State Department announced in Washington on July 1 that the United States, Great Britain, Canada, Australia and Argentina have agreed to establish a wheat pool of 100,000,000 bushels for relief in war-stricken areas as soon as the international situation permits. The agreement, which became effective on June 27, is part of a post-war plan relating to the control by the four exporting countries of production, stocks and exports, and for cooperation by all five countries in stabilizing prices.

The following regarding the agreement is from Associated Press Washington advices of July 1:

Canada and the United Kingdom are to furnish 25,000,000 bushels of wheat or flour to the relief pool, and the United States is to provide 50,000,000 bushels. These nations, with Argentina, would furnish additional supplies, as required, on a basis to be worked out by the governments involved. Argentina's exact quota apparently is to be determined later.

The memorandum agreement, approved by the five countries, is designed as a first step toward the conclusion, after the war, of a comprehensive wheat agreement between all countries concerned in the international wheat trade.

The agreement provides that as soon as conditions warrant, the United States shall convene a general international wheat conference. At this meeting the draft convention of an international agreement drawn up by Washington wheat meeting will be submitted for consideration.

This would call for an international wheat control to fix basic minimum and maximum prices. It also would provide for lowering of barriers against imports and control of exports. If the draft convention were adopted the basic export quotas for Argentina, Australia, Canada and the United States would be 25%, 19%, 40% and 16%, respectively, of the estimated volume of international trade in wheat and flour in each quota year, less reasonable allowances for exports of other nations.

OPA Alaska Price Formula

Price Administrator Leon Henderson announced on July 2 that, in view of Alaska's relative isolation and because of transportation difficulties, a special price-fixing formula has been established covering all sales and deliveries of any commodity not produced or manufactured in the territory. The Associated Press on July 2 said:

"Under the formula, retail, wholesale and distributors' maximum prices must be based on direct cost, plus the mark-up which the seller included in his highest price for the commodity involved between Nov. 7 and Dec. 6, 1941.

"The OPA Administrator in charge of territories and possessions is empowered to make any adjustments necessary after application of this formula and fix prices on items which the formula fails to cover."

Aitchison Heads ICC

Clyde B. Aitchison, member of the Interstate Commerce Commission, was on June 29 elected to serve as Chairman of the Commission for the remainder of 1942. Mr. Aitchison, who is the oldest member of the ICC, having been appointed by President Wilson 25 years ago, has been serving as Acting Chairman since the beginning of the year when Joseph B. Eastman was made Director of the Office of Defense Transportation.

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Lumber Movement—Week Ended July 4, 1942

Lumber production during the holiday week ended July 4, 1942, was 22% less than the previous week, shipments were 17% less, new business, 15% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 19% above production; new orders 19% above production. Compared with the corresponding week of 1941, production was 14% greater, shipments, 14% greater, and new business 8% greater. The industry stood at 145% of the average of production in the corresponding week of 1935-39 and 167% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 26 weeks of 1942 was 2% below corresponding weeks of 1941; shipments were 7% above the shipments, and new orders 8% above the orders of the 1941 period. For the 26 weeks of 1942, new business was 25% above production, and shipments were 15% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 68% on July 4, 1942, compared with 46% a year ago. Unfilled orders were 16% greater than a year ago; gross stocks were 22% less.

Softwoods and Hardwoods

Record for the current week ended July 4, 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	437	437	474
Production	216,219	189,004	276,916
Shipments	258,035	227,336	309,188
Orders	257,674	237,712	301,606

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	355		94	
Production	206,208	—100%	10,011	—100%
Shipments	244,688	119	13,347	133
Orders	245,733	119	11,941	119

Pay On Porto Alegre 7½s

Ladenburg, Thalmann & Co., New York, as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 7½% sinking fund gold bonds, external loan of 1925, that funds have been deposited with it, sufficient to make a payment, in lawful currency of the United States of America, of 13.975% of the face amount of the coupons due Jan. 1, 1940, amounting to $5.24 1/16 for each $37.50 coupon and $2.62 1/32 for each $18.75 coupon. It is further stated:

"Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

"No present provision, the notice states, has been made for the coupons due Jan. 1, 1932 to Jan. 1, 1934 inclusive, but they should be retained for future adjustment."

U. S.-Bolivia Tin Pact

Secretary of Commerce Jones announced on June 30 the signing of an agreement between the Metals Reserve Co. and Bolivian tin producers increasing the quantity of tin ores and concentrates which may be delivered to Metals Reserve Co. during the period ending June 30, 1943. The agreement also provides for increasing the price of the tin content of the material delivered during that period to 60 cents per pound f.o.b. Chilean and Peruvian ports.

Engineering Construction Hits New Peak In War Effort

Geared for war, the engineering construction industry piled up the huge volume of $4,905,294,000 for the first half of 1942. This tremendous total eclipsed the $2,841,403,000 reported by "Engineering News-Record" on July 1 for the opening six months of last year by 73%, and surpassed all previous annual volumes, with the single exception of 1941. In the defense construction era of 1941, however, it required nine months for the volume to reach the current year's half-time total. The report added:

In line with the war effort, $4,234,920,000, or 86% of the total, was for Federal construction, just about three times the Government-financed total for the opening half of last year. Sharp curtailment of non-essential construction had the effect of lowering state and municipal work to $328,966,000, a drop of 51½% from a year ago. Despite the decrease in state and municipal construction, the public total rose to $4,563,886,000, a new record high 117% above the value reported for the six-month period last year.

Private construction, feeling the pinch of priorities and the WPB stop order on non-war construction, totaled $341,408,000 for the six months of 1942, a decline of 53½% from the volume at the half-time last year.

Construction volumes for the six-month periods in 1941 and 1942 are:

	1941	1942
Total Construction	$2,841,403,000	$4,905,294,000
Private Construction	734,418,000	341,408,000
Public Construction	2,106,985,000	4,563,886,000
State and Municipal	679,032,000	328,966,000
Federal	1,427,953,000	4,234,920,000

Almost two-thirds of the 1942 construction total was for erection of public buildings. This volume, $3,197,373,000, exceeded last year's mark by 174%, and established a new all-time high. Unclassified construction, and earthwork and drainage also rose to new peaks, the former 60% above its 1941 six-months total, and the latter 97% higher than in the period last year.

Waterworks and sewerage construction, though setting no new marks, were above a year ago as a result of installation of new facilities in military camps and cantonments, and in strategic industrial areas. Waterworks volume jumped 50% over the 1941 first half total, and sewerage construction gained 2%.

Highways, bridges, and private industrial and commercial buildings, however, were unable to overcome the handicaps imposed by priorities and stop-orders, and fell below their last year's totals.

Construction volumes in each class of work, and their percentage of gain or loss compared with the initial six months of 1941 are:

	1941	1942	% Gain or Loss
Waterworks	$38,171,000	$57,339,000	+50
Sewerage	52,473,000	53,274,000	+ 2
Bridges	66,324,000	33,550,000	—49
Earthwork, Drainage	101,102,000	199,360,000	+97
Streets and Roads	302,799,000	228,576,000	—24
Public Buildings	1,163,928,000	3,197,373,000	+174
Industrial Buildings	303,957,000	142,581,000	—53
Commercial Buildings	298,502,000	168,317,000	—44
Unclassified	514,147,000	824,924,000	+60

Geographically, every section of the country participated in the gain over the opening six-month period in 1941, and five of the six sections are at their highest peaks in history. The greatest increase was recorded in the War Western states, 144% over a year ago. West of Mississippi states were up 120%; Middle West, 78%; South, 69%; New England, 25%; and Middle Atlantic, 6%. The latter, though not achieving a new peak, was the highest since 1930.

Geographical distribution of the engineering construction volumes for the opening six months of 1941 and 1942 are:

	1941	1942
New England	$164,385,000	$205,948,000
Middle Atlantic	647,070,000	687,996,000
South	611,823,000	1,031,242,000
Middle West	536,773,000	957,387,000
West of Mississippi	519,705,000	1,141,046,000
Far West	361,647,000	881,675,000

New Construction Capital

New construction financing for the first half of 1942, $6,886,294,000, topped the volume for the corresponding period in 1941 by 106%. Federal appropriations for war construction accounted for $6,538,955,000, or 93% of the new financing, and were the highest ever reported. Non-federal construction capital amounted to $347,339,000 and was divided as follows: corporate securities, $149,459,000; state and municipal bond sales, $150,461,000; and RFC loans, $47,419,000.

Coffee Import Quotas

The Bureau of Customs announced on July 8 preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing Oct. 1, 1941, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

June 27, 1942 5,642,283

Country of Production—	Quota Quantity *(Pounds)	for Consumption As of (Date)	(Pounds)
Signatory Countries—		June 27, 1942	837,280,732
Brazil	1,401,426,521	June 27, 1942	5,642,283
Colombia	475,086,450	(Import quota filled)	
Costa Rica	30,144,642	June 27, 1942	5,542,283
Cuba	12,109,603	(Import quota filled)	
Dominican Republic	18,098,664	†July 4, 1942	18,412,238
Ecuador	22,634,408	June 27, 1942	75,493,420
El Salvador	96,657,909	(Import quota filled)	
Guatemala	80,715,477	†July 4, 1942	39,357,942
Haiti	41,436,647	†July 4, 1942	2,513,687
Honduras	3,287,588	June 27, 1942	34,598,080
Mexico	74,966,100	June 27, 1942	21,002,030
Nicaragua	32,078,385	†July 4, 1942	3,110,901
Peru	3,767,088	(Import quota filled)	
Venezuela	38,094,430		
Non-Signatory Countries—			
British Empire, except Aden and Canada	17,674,322	(Import quota filled)	
Kingdom of the Netherlands and its possessions	19,669,574	June 27, 1942	13,107,191
Aden, Yemen, and Saudi Arabia	3,872,909	June 27, 1942	875,809
Other countries not signatories of the Inter-American Coffee Agreement	12,276,800	(Import quota filled)	

*Quotas revised effective Feb. 26, 1942. †Per telegraphic reports.

Daily Average Crude Oil Production For Week Ended July 4, 1942, Dropped 422,300 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 4, 1942 was 3,297,150 barrels, a decrease of 422,300 barrels when compared with the preceding week, and 361,050 barrels per day less than the output during the week ended July 5, 1941. The current figure was also 545,650 barrels lower than the daily average for the month of July, 1942, as recommended by the Office of Petroleum Coordinator. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000-barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,551,000 barrels of crude oil daily during the week ended July 4, 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, 87,014,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,959,000 barrels during the week ended July 4, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations July	*State Allowables Beginning July 1	—Actual Production— Week Ended July 4 1942	Change From Previous Week	4 Weeks Ended July 4 1942	Week Ended July 5 1941
Oklahoma	433,000	433,000	†376,050	+ 6,750	374,650	433,050
Kansas	283,200	283,200	†260,100	— 12,000	272,950	241,150
Nebraska	4,100	------	†3,750	------	3,700	4,850
Panhandle Texas			79,500	— 27,500	90,550	84,050
North Texas			142,550	— 6,850	146,350	128,450
West Texas			138,550	— 95,900	195,650	218,250
East Central Texas			74,300	— 19,750	87,500	76,300
East Texas			217,600	— 77,400	309,500	300,600
Southwest Texas			98,450	— 65,150	134,150	176,850
Coastal Texas			171,850	—108,950	234,900	236,200
Total Texas	1,214,400	‡1,284,711	922,800	—401,500	1,198,600	1,220,700
North Louisiana			91,350	+ 650	89,750	77,050
Coastal Louisiana			218,250	— 1,750	219,450	237,950
Total Louisiana	319,600	337,600	309,600	— 1,100	309,200	315,000
Arkansas	78,500	700,823	74,100	+ 400	73,800	72,550
Mississippi	49,900		†83,950	+ 450	83,100	33,850
Illinois	304,100		278,300	+ 3,400	277,550	340,350
Indiana	22,000		†18,750	+ 100	19,450	21,250
Eastern (not incl. Ill. and Ind)	112,600		99,700	+ 1,250	98,650	90,450
Michigan	84,800		67,100	+ 1,400	66,950	39,800
Wyoming	96,800		92,250	+ 100	91,350	86,750
Montana	23,100		21,900	— 450	21,950	19,500
Colorado	7,700		6,350	— 1,100	6,650	4,000
New Mexico	89,500	89,500	65,150	------	62,450	111,350
Total East of Calif.	3,103,300		2,679,850	—402,300	2,961,000	3,034,600
California	739,500	§739,500	617,300	— 20,000	648,450	623,600
Total United States	3,842,800		3,297,150	—422,300	3,609,450	3,658,200

*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 April, 1942, as follows: Oklahoma, 27,500; Kansas, 4,800; Texas, 90,700; Louisiana, 15,300; Arkansas, 2,600; New Mexico, 5,300; California, 40,100; other States, 22,200.

†Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. July 1.

‡This is the net basic 31-day allowable as of July 1. In the area outside East Texas shutdowns were ordered for July 4, 5, 11, 12, 18, 19, 25, 26, 29, 30 and 31; in East Texas for July 6, 13 and 20, in addition to the aforementioned days.

§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 JULY 4, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

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

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% 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	1,555	65.3	4,610	40,845	15,534	16,518
Appalachian	174	84.5	157	90.2	463	2,796	574	536
Ind., Ill., Ky.	784	84.9	739	94.3	2,553	16,634	3,745	3,282
Okla., Kansas, Mo.	418	81.1	366	87.6	1,277	7,872	1,404	1,544
Rocky Mountain	138	50.7	95	68.8	285	2,347	340	545
California	787	90.9	639	81.2	1,771	16,520	11,923	54,478
Tot. U. S. B. of M. basis July 4, 1942	4,684	86.9	3,551	75.8	10,959	†87,014	33,520	76,903
Tot. U. S. B. of M. basis June 27, 1942	4,684	86.9	3,581	76.5	10,713	§88,396	32,851	77,304
U. S. Bur. of Mines basis July 5, 1941			3,766		12,455	88,709	39,008	90,935

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

†Finished, 79,450,000 barrels; unfinished, 7,564,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Revised downward 215,000 barrels in Appalachian district due to correction in figures previously reported by a certain company.

Commercial Paper Outstanding

Open market paper outstanding on June 30 amounted to $315,200,000 according to reports received by the Federal Reserve Bank of New York from commercial paper dealers, the bank announced on July 10. This total compared with $354,200,000 outstanding on May 29 and with $299,000,000 on June 30, 1942.

Following are the totals for the last two years:

	$		$
1942—		1941—	
June 30	315,200,000	June 30	299,000,000
May 29	354,200,000	May 31	295,000,000
Apr. 30	373,100,000	Apr. 30	274,600,000
Mar. 31	384,300,000	Mar. 31	263,300,000
Feb. 28	388,400,000	Feb. 28	240,700,000
Jan. 31	380,600,000	Jan. 31	232,400,000
1941—		1940—	
Dec. 31	374,500,000	Dec. 31	217,900,000
Nov. 29	387,100,000	Nov. 30	231,800,000
Oct. 31	377,700,000	Oct. 31	252,400,000
Sept. 30	370,500,000	Sept. 30	250,700,000
Aug. 30	353,900,000	Aug. 31	244,700,000
July 31	329,900,000	July 31	232,400,000

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Revenue Freight Car Loadings During Week Ended July 4, 1942, Totaled 753,855 Cars

Loading of revenue freight for the week ended July 4 totaled 753,855 cars, the Association of American Railroads announced on July 9. This was an increase above the corresponding week in 1941 of 13,496 cars or 1.8%, and an increase above the same week of 1940 of 116,686 cars or 18.3%.

Loading of revenue freight for the week of July 4 which included a holiday decreased 99,586 cars or 11.7% below the preceding week.

Miscellaneous freight loading totaled 356,666 cars, a decrease of 29,031 cars below the preceding week, but an increase of 29,348 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 82,036 cars, a decrease of 10,173 cars below the preceding week, and a decrease of 56,575 cars below the corresponding week in 1941.

Coal loading amounted to 120,350 cars, a decrease of 45,801 cars below the preceding week, but an increase of 26,492 cars above the corresponding week in 1941.

Grain and grain products loading totaled 42,340 cars, a decrease of 1,726 cars below the preceding week, and a decrease of 8,581 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of July 4 totaled 30,246 cars, a decrease of 805 cars below the preceding week and a decrease of 7,671 cars below the corresponding week in 1941.

Live stock loading amounted to 9,508 cars, a decrease of 1,168 cars below the preceding week, but an increase of 1,538 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of July 4 totaled 6,797 cars, a decrease of 848 cars below the preceding week, but an increase of 995 cars above the corresponding week in 1941.

Forest products loading totaled 44,431 cars, a decrease of 7,921 cars below the preceding week, but an increase of 7,144 cars above the corresponding week in 1941.

Ore loading amounted to 85,946 cars, a decrease of 2,221 cars below the preceding week, but an increase of 14,190 cars above the corresponding week in 1941.

Coke loading amounted to 12,578 cars, a decrease of 1,545 cars below the preceding week, and a decrease of 60 cars below the corresponding week in 1941.

All districts reported decreases, compared with the corresponding week in 1941, except the Allegheny, Southern and Southwestern 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
Four weeks of June	3,385,769	3,510,057	2,896,953
Week of July 4	753,855	740,359	637,169
Total	21,813,860	20,591,091	17,551,704

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 4, 1942. During this period 71 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JULY 4

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	345	503	473	1,355	1,500
Bangor & Aroostook	867	910	1,001	256	252
Boston & Maine	5,610	7,592	6,153	13,935	12,853
Chicago, Indianapolis & Louisville	1,320	1,225	1,096	2,033	2,520
Central Indiana	27	25	11	57	58
Central Vermont	865	1,243	1,113	2,406	2,456
Delaware & Hudson	5,269	2,760	4,661	11,134	10,266
Delaware, Lackawanna & Western	6,622	6,391	6,965	10,031	8,236
Detroit & Mackinac	231	408	402	127	120
Detroit, Toledo & Ironton	1,359	2,320	1,613	1,126	1,426
Detroit & Toledo Shore Line	255	321	237	2,812	4,162
Erie	11,280	13,691	10,691	16,606	15,664
Grand Trunk Western	3,953	5,563	3,447	8,169	9,241
Lehigh & Hudson River	186	165	123	3,426	2,354
Lehigh & New England	1,784	1,195	1,634	2,344	1,832
Lehigh Valley	7,282	5,964	6,249	13,501	9,601
Maine Central	2,114	2,468	2,356	*2,537	2,490
Monongahela	5,208	4,031	4,296	304	454
Montour	1,900	1,432	2,067	40	28
New York Central Lines	44,033	44,846	36,659	52,532	47,074
N. Y., N. H. & Hartford	8,660	9,788	7,491	18,969	16,734
New York, Ontario & Western	834	782	931	2,855	2,268
New York, Chicago & St. Louis	6,445	5,868	4,563	16,645	13,853
N. Y., Susquehanna & Western	315	437	260	1,351	1,216
Pittsburgh & Lake Erie	7,117	7,472	6,298	9,379	9,194
Pere Marquette	4,783	5,920	4,633	6,167	6,608
Pittsburgh & Shawmut	562	485	762	32	42
Pittsburgh, Shawmut & North	312	316	301	247	392
Pittsburgh & West Virginia	782	726	742	3,596	2,504
Rutland	353	488	579	1,071	1,155
Wabash	4,735	5,730	4,710	13,427	11,283
Wheeling & Lake Erie	5,744	5,061	4,343	4,944	4.340
Total	141,152	146,126	126,860	223,414	202,176
Allegheny District—					
Akron, Canton & Youngstown	674	617	391	1,036	1,064
Baltimore & Ohio	33,759	34,412	28,784	24,108	22,710
Bessemer & Lake Erie	6,592	6,144	5,621	2,665	2,441
Buffalo Creek & Gauley	230	151	329	2	4
Cambria & Indiana	1,516	1,149	1,176	10	31
Central R. R. of New Jersey	5,981	5,552	5,157	19,264	14,713
Cornwall	659	594	487	55	60
Cumberland & Pennsylvania	215	214	191	16	25
Ligonier Valley	112	69	60	46	52
Long Island	601	754	596	3,715	3,363
Penn-Reading Seashore Lines	1.426	1,510	942	2.439	1,651
Pennsylvania System	76,978	74,155	58,056	60,625	54,088
Reading Co.	12,693	10,945	12,193	26,480	22,895
Union (Pittsburgh)	21,110	19,587	16,956	7,572	6,391
Western Maryland	3,152	3,124	2,688	11,899	8,485
Total	165,698	158,977	133,627	159,932	137,973
Pocahontas District—					
Chesapeake & Ohio	19,304	20,191	22,134	12,616	12,817
Norfolk & Western	14,459	16,933	18,114	7,070	6,009
Virginian	2,669	3,054	3,642	2,083	2,022
Total	36,432	40,178	43,890	21,769	20,848
Southern District—					
Alabama, Tennessee & Northern	455	306	169	410	172
Atl. & W. P.—W. R. R. of Ala.	620	754	627	2,513	1,773
Atlanta, Birmingham & Coast	881	905	688	1,135	1,008
Atlantic Coast Line	10,648	9,105	6,933	9,283	6,327
Central of Georgia	4,671	4,312	3,497	4,201	4,662
Charleston & Western Carolina	453	579	443	1,493	1,609
Clinchfield	1,529	1,318	1,092	2,694	2,734
Columbus & Greenville	367	408	153	234	301
Durham & Southern	126	175	136	919	578
Florida East Coast	912	376	329	843	742
Gainesville Midland	40	35	24	208	90
Georgia	1,355	1,064	908	2,616	1,981
Georgia & Florida	467	463	377	432	616
Gulf, Mobile & Ohio	3,935	3,447	2,737	4,210	3,044
Illinois Central System	23,719	21,388	15,618	16,614	13,750
Louisville & Nashville	19,791	19,652	18,826	10,978	7,995
Macon, Dublin & Savannah	184	183	112	836	801
Mississippi Central	190	161	92	599	397
Nashville, Chattanooga & St. L.	3,241	3,126	2,413	4,595	3,700
Norfolk Southern	1,520	2,079	1,528	1,885	1,042
Piedmont Northern	333	394	401	1,028	1,671
Richmond, Fred. & Potomac	474	355	307	9,912	6,424
Seaboard Air Line	10,373	8,803	7,361	8,173	6,320
Southern System	21,659	22,156	17,511	23,304	19,511
Tennessee Central	565	461	411	1,040	772
Winston-Salem Southbound	87	141	109	830	818
Total	108,595	102,146	82,802	110,985	88,838
Northwestern District—					
Chicago & North Western	19,801	19,712	16,043	12,902	13,045
Chicago Great Western	2,193	2,449	2,015	3,147	3,283
Chicago, Milw., St. P. & Pac.	16,446	19,750	15,469	9,780	9,497
Chicago, St. Paul, Minn. & Omaha	3,263	3,543	3,086	4,282	4,361
Duluth, Missabe & Iron Range	29,907	24,240	21,187	505	407
Duluth, South Shore & Atlantic	835	903	1,204	450	528
Elgin, Joliet & Eastern	9,132	9,653	7,906	10,738	10,376
Ft. Dodge, Des Moines & South	434	439	438	101	110
Great Northern	22,525	22,419	18,303	4,627	4,377
Green Bay & Western	430	555	425	800	772
Lake Superior & Ishpeming	1,630	2,117	4,301	43	78
Minneapolis & St. Louis	1,653	1,733	1,504	2,144	2,242
Minn., St. Paul & S. S. M.	6,385	7,028	6,077	2,772	3,197
Northern Pacific	8,658	10,191	7,662	4,478	4,853
Spokane International	144	275	208	554	451
Spokane, Portland & Seattle	2,003	1,987	1,185	2,837	2,073
Total	125,439	126,994	107,013	60,160	59,656
Central Western District—					
Atch., Top. & Santa Fe System	25,749	26,054	23,666	10,266	7,851
Alton	2,881	3,217	2,650	4,500	3,021
Bingham & Garfield	712	557	477	109	89
Chicago, Burlington & Quincy	13,925	15,803	13,179	9,820	9,761
Chicago & Illinois Midland	2,552	2,566	1,705	848	950
Chicago, Rock Island & Pacific	11,459	13,032	12,434	10,723	11,074
Chicago & Eastern Illinois	2,144	2,450	2,075	3,970	2,965
Colorado & Southern	687	573	508	1,790	1,530
Denver & Rio Grande Western	2,598	1,960	1,657	5,483	3,677
Denver & Salt Lake	435	387	186	15	[illegible]
Fort Worth & Denver City	1,499	1,112	1,423	1,232	891
Illinois Terminal	1,660	1,916	1,472	2,041	1,912
Missouri-Illinois	1,086	1,065	837	445	554
Nevada Northern	2,006	1,729	1,543	101	115
North Western Pacific	968	653	632	508	421
Peoria & Pekin Union	8	14	8	0	[illegible]
Southern Pacific (Pacific)	28,825	25,292	19,422	9,828	6,830
Toledo, Peoria & Western	275	232	197	1,555	1,567
Union Pacific System	12,866	14,049	13,344	13,261	10,336
Utah	458	187	169	45	3
Western Pacific	1,619	1,608	1,399	2,635	2,549
Total	114,412	114,456	98,983	79,175	66,140
Southwestern District—					
Burlington-Rock Island	229	143	126	232	183
Gulf Coast Lines	4,154	2,374	2,028	1,839	1,806
International-Great Northern	2,350	2,097	1,464	1,852	2,223
Kansas, Oklahoma & Gulf	*343	248	194	*1,270	870
Kansas City Southern	4,661	2,465	1,542	2,956	2,222
Louisiana & Arkansas	4,273	1,901	1,465	2,484	1,956
Litchfield & Madison	231	329	302	1,223	1,130
Midland Valley	*680	432	435	*153	257
Missouri & Arkansas	124	164	120	360	409
Missouri-Kansas-Texas Lines	4,340	4,267	4,363	3,704	3,841
Missouri Pacific	14,596	16,538	14,692	16,397	11,170
Quanah Acme & Pacific	124	165	108	240	113
St. Louis-San Francisco	8,321	7,849	7,023	7,806	5,525
St. Louis Southwestern	2,752	2,321	1,773	6,956	3,378
Texas & New Orleans	10,412	6,541	4,986	4,965	4,050
Texas & Pacific	4,365	3,508	3,242	6,441	4,925
Wichita Falls & Southern	143	129	109	35	110
Weatherford M. W. & N. W.	29	11	22	21	48
Total	62,127	51,482	43,994	58,934	44,245

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

June Department Store Sales

The Board of Governors of the Federal Reserve System announced on July 9 that the value of sales at department stores declined somewhat further in June and the Board's seasonally adjusted index was at 106% of the 1923-25 average, as compared with 108 in May and with 117 in April.

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

	June, 1942	May, 1942	Apr., 1942	June, 1941
Adjusted for seasonal variation	106	108	117	104
Without seasonal adjustment	101	108	115	100

Change from corresponding period a year ago (per cent)

Federal Reserve District—	One week ending July 4	June 27	June 20	June 13	Four weeks ending July 4	June 27	May 30	Apr. 25	Year to July 4
Boston	+8	—8	+19	—5	+2	+2	+2	+9	+15
New York	+3	r—8	0	—14	—6	—7	0	+4	+10
Philadelphia	+16	r—12	+8	+2	+2	+2	+3	+4	+17
Cleveland	—12	—14	+7	—2	—5	0	—2	+10	+15
Richmond	+20	—1	+23	+13	+13	+13	+9	+15	+24
Atlanta	—1	—2	+16	—9	+1	+3	—3	+8	+9
Chicago	—8	r—10	+4	0	—3	r0	—3	+11	+12
St. Louis	—4	—8	+14	—1	0	+5	—2	+6	+14
Minneapolis	*	*	*	*	—8	—5	—8	+4	+7
Kansas City	—1	—8	+11	+11	+3	+8	—3	+13	+13
Dallas	—4	—6	+12	—10	—2	0	—8	+6	+7
San Francisco	0	r0	+21	+2	+6	r+9	+4	+16	+17
U. S. total	—1	—8	+9	—3	—1	+1	0	+9	+14

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

1942—		1941—	
June 13	117	June 14	120
June 20	116	June 21	107
June 27	100	June 28	109
July 4	84	July 5	86

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

Britain, Russia Sign Financial Accord

Great Britain and the Soviet Union have signed an agreement providing for financing of British military supplies sent to Russia, the Moscow radio announced on June 30, according to Associated Press advices from Moscow. The dispatch further said:

"The agreement was signed June 27 in Moscow by the British Ambassador, Sir Archibald Clark Kerr, and A. I. Mikoyan, Soviet Foreign Trade Commissar.

"Under the agreement British military supplies will be delivered to the Soviet Union on a lease-lend basis.

"The pact was made retroactive to June 22, 1941, the day the Germans invaded Russia.

"The agreement does not concern the financing of British deliveries of raw materials and equipment of a general character, which was covered in a previous understanding signed Aug. 16, 1941.

"According to the terms of that agreement, the British granted a credit of $40,000,000 to the Soviet Government. When that amount neared exhaustion recently the British granted an additional credit of $100,000,000.

"Commenting on the signing of the various agreements, the radio said they created a 'wide financial basis for military and economic aid from Great Britain to the Soviet Union.'"

Greater N. Y. Fund Passes $4 Million Mark

Business firms and employee groups in the five boroughs of Greater New York have contributed $4,000,000 to date to the current campaign of the Greater New York Fund, according to John W. Hanes, former Under-Secretary of the Treasury and General Chairman of the current drive for $5,000,000 to help support 400 voluntary welfare and health agencies, which still is in progress. Mr. Hanes made the announcement at a meeting of the Women's Council of the Fund, held in the Empire State Club. He told the business and professional women leaders present:

"I congratulate the city on being able to take it and give it. In spite of all the contributions of New Yorkers toward the war, they are keeping the Home Front strong. I hope that before another year we can get the people of New York City to join hands in not more than two campaigns—one for all war chests and the other for community needs."

Mr. Hanes disclosed that the $4,000,000 contributed to date is more than the amount of money collected in the similar period of any previous campaign, except that of 1941.

$425 Million For Depts.

Congressional action on the $425,000,000 State Justice-Commerce Departments supply bill for the 1943 fiscal year was completed on June 30. The Senate on that date adopted a conference report which the House had accepted on June 29. When the House originally passed the bill on Feb. 18 the aggregate was about $220,000,000 but the Senate on May 21 raised the amount to $425,000,000, mainly through adding to the bill a $199,740,000 item for the development of landing areas by the Civil Aeronautics Administration. This increase and others was acceptable by the House. President Roosevelt signed the measure on July 2.

The bill provides $302,000,000 for the Commerce Department, $27,000,000 for the State Department, $84,000,000 for the Justice Department and $12,000,000 for the Federal Judiciary.

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Items About Banks, Trust Companies

The Bankers Trust Co., New York, reports in its June 30 statement total assets of $1,336,854,525 and total deposits of $1,218,162,690, compared with $1,336,104,500 and $1,207,182,000 on April 4, 1942, the previous call date. Holdings of U. S. Government securities amount to $529,591,777, against $539,005,500; cash and due from banks, $392,614,699, compared with $352,338,000, and loans and bills discounted to $315,927,282, against $334,714,900. Capital and surplus are unchanged at $25,000,000 and $50,000,000, while undivided profits are now reported at $37,612,292, compared with $36,998,000 on April 4.

John F. Flaacke, Assistant Secretary of Chemical Bank & Trust Company, of New York, on July 12, began his 72nd year of continous service with the bank. In point of service, he is the dean of New York bankers and as far as is known, for length of continuous service with one institution, he holds the record for the entire country. Mr. Flaacke was born in New York City on Aug. 22, 1855. He entered the bank's employ on July 12, 1871, during the Presidency of John Quentin Jones, and has served under seven of the ten Presidents which the bank has had in its 118 years of existence. Mr. Flaacke was one of the organizers of the Bank Clerks' Building & Loan Company in 1890 and was also active in organizing the New York Chapter of the American Institute of Banking, of which he was the first Treasurer. He is a member of the Blizzard Men's Club and the Society of Old Brooklynites.

The Central Hanover Bank & Trust Co., New York, in its statement of condition as of June 30, 1942, shows total resources of $1,337,117,489 and total deposits of $1,231,547,590, compared with $1,413,951,309 and $1,308,112,234 on March 31. Cash and due from banks in the current statement are given as $361,252,663, against $425,452,263; U. S. Government securities to $660,455,500, compared with $636,166,332, and loans and bills purchased to $220,128,756, against $223,946,492. The bank reports that capital and surplus are unchanged at $21,000,000 and $60,000,000 and that undivided profits are now $17,802,359, compared with $17,645,898.

In its June 30 statement of condition, the Savings Banks Trust Company, which is wholly owned by the savings banks in New York State, reports capital funds of $39,054,718, compared with $38,888,852 at the end of 1941. Aggregate deposits of $159,462,412 on June 30, compared with $192,099,591 at the year-end. United States Government deposits with the trust company were decreased to $26,730,000 during the half year, against $50,000,000 on Dec. 31. The trust company acts as depositary for mutual savings banks and their instrumentalities, such as the Savings Banks Association of the State of New York, the Savings Banks Life Insurance Fund, and Institutional Securities Corporation.

The Bank of the Manhattan Company, New York City, reports that the deposits of the bank on June 30, 1942, increased to $730,987,080, compared with $719,544,585 on March 31, and that assets have increased to $804,318,276 from $799,784,815. Capital and surplus of the bank remain unchanged from three months ago at $20,000,000 each, while undivided profits have risen to $7,911,749 from $7,658,521. Loans and discounts are reported at $257,402,614, against $278,921,610; cash and due from banks and bankers at $256,866,523, compared with $272,378,470, and U. S. Government obligations to $226,974,488, agaianst $175,453,661.

The Bank of New York reports as of June 30, 1942, total assets of $297,388,681 and total deposits of $271,747,858, compared with $309,670,723 and $283,983,281, respectively, on March 31. Cash items are listed at $94,943,001, against $106,578,319; United States Government securities amount to $125,912,054, compared with $117,995,165, and loans and discounts to $52,503,626, against $58,236,376. The bank's capital and surplus are unchanged from three months ago at $6,000,000 and $9,000,000, but undivided profits have increased to $5,605,519 from $5,538,969 on March 31.

The United States Trust Co. of New York in its June 30 statement of condition reports total resources of $147,197,829 and total deposits of $114,332,503, compared with $164,484,301 and $131,371,606, respectively, on Dec. 31, 1941. The statement shows cash in banks of $49,597,339, against $67,112,066; United States Government obligations at $50,382,237, compared with $38,063,000; and loans and bills purchased at $23,499,274, against $32,787,914. Capital stock and surplus are unchanged from six months ago at $2,000,000 and $26,000,000, but undivided profits are reported at $2,873,230, compared with $2,902,986 on Dec. 31, 1941.

Lincoln Johnson, Vice-President in charge of the Foreign Department of Manufacturers Trust Co., New York, is now serving as an advisor to the Metals Reserve Co., an affiliate of the Reconstruction Finance Corp. in Washington. To fill this post, Mr. Johnson has taken a leave of absence from the bank for several months. During his absence the Foreign Department will be under the supervision of Andrew L. Gomory, Vice-President.

Mr. Johnson, a mining engineer, began his banking career with the New York Trust Co., specializing in oil work, and subsequently he was engaged in reorganization, liquidation and other phases of industrial banking. He joined Manufacturers Trust Co. in 1931.

The Kings County Trust Co., Brooklyn, N. Y., at the close of business on June 30 had total resources of $63,441,266 and deposits of $54,901,764, compared with $72,484,173 and $64,035,692 on April 4, the previous call date. Cash items are listed at $21,130,208, against $32,073,744; U. S. Government bonds at $20,750,319, compared with $16,218,914; and loans and discounts to $2,423,053, against $3,664,564. The trust company's capital and surplus remain unchanged at $500,000 and $6,500,000, but undivided profits have increased to $314,042, compared with $282,595.

Lafayette National Bank of Brooklyn in New York reported as of June 30, 1942, total deposits of $14,060,034 and total assets of $15,388,988, compared with $13,412,437 and $14,734,548, respectively, on Dec. 31, 1941. Cash on hand and due from banks amounted to $4,222,089, against $4,527,896; holdings of Government securities to $5,878,989, against $4,523,793; and loans and discounts to $4,382,287, against $4,541,340. Capital stock is shown as $750,000; surplus, $250,000; undivided profits, $186,289, and reserves, $84,646.

A. Ernest Thomas, supervising engineer of the Dime Savings Bank of Brooklyn, was awarded the Robert Grimshaw Medal, at a meeting of the Greater New York Association of the National Association of Power Engineers of America, on Friday evening, July 10, at the German Masonic Temple, 220 East 15th Street, New York City. This medal is presented in recognition of outstanding services rendered during the year to the profession of engineering. Joseph F. Carney, supervising engineer of the Waldorf-Astoria Hotel, and past national President, recipient of the medal two years ago, made the presentation to Mr. Thomas. For the past ten years this medal has been awarded as a gift of the late Robert Grimshaw, an organizer and first President of the N. A. P. E., and one of the founders of the American Society for Mechanical Engineers. He was also the first editor of Power Magazine. Mr. Thomas has been the supervising engineer of the Dime Savings Bank of Brooklyn for the past ten years. On June 12, 1942, at a State Convention in Syracuse, he was elected President of the New York State Association of the National Association of Power Engineers, whose membership is more than 2,500.

In its statement as of June 30 the Pennsylvania Company for Insurances on Lives and Granting Annuities reports total resources of $344,864,726 and deposits of $314,302,350, compared with $341,087,239 and $310,224,183, respectively, on Dec. 31, 1941. Cash and due from banks is listed at $135,484,460, against $140,676,088; United States Government securities amount to $69,501,063, compared with $48,781,618; and commercial and collateral loans to $103,196,874, against $114,536,839. Capital stock and surplus remain unchanged at $10,000,000 and $14,700,000, while undivided profits are reported at $1,794,972, compared with $1,671,397 six months ago.

The Fidelity-Philadelphia Trust Co., Philadelphia, reports as of June 30 total resources of $154,954,490 and deposits of $134,394,660, compared with $167,990,000 and $147,831,129, respectively on Dec. 31, 1941. Cash on hand and due from banks is reported at $34,182,713, against $38,177,626; loans are given as $37,815,543, compared with $38,235,965; and U. S. Government securities at $30,774,367, against $30,990,940. The trust company's capital and surplus are unchanged from six months ago at $6,700,000 and $11,000,000, but undivided profits are now reported at $1,680,622, as against $1,496,338.

In its semi-annual report to shareholders, First Federal Savings & Loan Association of South Philadelphia reports total assets as of June 30, 1942, amounting to $5,237,110, the highest since establishment of the association more than eight years ago. This compares with $5,041,800 at Dec. 31, 1942, or an increase of $185,310 in the first six months of 1942.

David Shapiro, Assistant Secretary of the Association, in his report, announced the purchase of an additional $50,000 in War Bonds by the association to bring the total now held to $100,000. Shapiro indicated that it is the intention of the Board of Directors to continue to purchase additional War Bonds.

A total of $37,449 was added to reserves during the first six months of 1942, making a total of $283,821 at June 30, 1942. First mortgage loans at June 30, 1942 amounted to $4,658,276, an increase of $61,958, and cash amounted to $362,598, an increase of $87,628.

M. J. Fleming, President of Federal Reserve Bank of Cleveland, announces that the Commercial and Savings Bank of Millersburg, Ohio, has been admitted to membership in the Federal Reserve System. This is the eighth State bank to be admitted to membership so far this year.

The Illinois National Bank of Quincy, Ill., this month celebrates the 33rd anniversary of its founding. In its June 30, 1942, statement of condition, the bank reports total resources of $5,617,418 and deposits of $5,111,155. Holdings of Government bonds amounted to $1,690,838 and loans and discounts to $1,421,721. The bank's capital stock is $250,000, while its surplus and profits are given as $253,244.

The officers of the bank are: Lynn Fuller, President; F. N. Casburn, Vice-President; H. T. Fuller, Vice-President and Cashier; H. J. Butzkueben, Assistant Cashier, and Ralph N. Volm, Assistant Cashier.

The Old Capital Bank and Trust Co., Corydon, Ind., and the Tipton Farmers Bank, Tipton, Mo., recently became members of the Federal Reserve Bank of St. Louis. They are the fifth and sixth State banks in the St. Louis District to join the System since the first of the year and bring to membership so far this year.

Irving Manning has been appointed an Assistant Vice President of the Anglo California National Bank, San Francsco, it is announced by W. H. Thomson, President. Mr. Manning became connected with the Anglo Bank in 1934 and since that time has been a member of the bond department staff. He will devote his major attention to the bank's investment portfolio.

Total resources of Barclays Bank Limited, London, as at June 30, 1942 were £683,839,844, an increase of £74,000,000 over the figure of a year ago, according to a cable received at the office of the New York representatives of the bank. Deposits totaled £643,839,360 at the end of the first six months of 1942 indicating an increase of £75,000,000 compared with June 30, 1941. Cash items were as follows: Cash on hand and with the Bank of England, £68,845,590; balances with other British Banks and cheques in course of collection, £25,562,141. Money at call and short notice was substantially unchanged at £23,164,350 while bills discounted have increased by £30,000,000 to £67,611,891 and holdings of British Treasury deposit receipts by £15,000,000 to £115,000,000. Investments of the Bank have also increased by £34,000,000 to £185,358,331 of which sum £180,119,228 represents securities of or guaranteed by the British Government. Loans have decreased £14,000,000 and are reported at £171,254,882.

For the first half of 1942, the Bank has declared interim dividends at the rate of 10% per annum on the "A" stock and 14% per annum on the "B" and "C" stock, which rates are identical with those declared for many years past.

Text of Measure Amending Federal Reserve Act Affecting Reserve Requirements

As was indicated in our July 9 issue (page 112), Congress has enacted, and President Roosevelt signed on July 7, the bill authorizing the Board of Governers of the Federal Reserve System to change the reserve requirements of member banks in central reserve cities within the limits of the present law, without necessarily making a change in such requirements of member banks in reserve cities.

We are making room below for the text of the newly enacted measure, which among its other provisions provides for the regrouping of the Federal Reserve Banks, giving the New York Reserve Bank permanent membership on the Federal Open Market Committee; Boston, formerly grouped with New York in an election district, was transferred to and grouped with the Philadelphia and Richmond banks. The bill was passed by the Senate on June 26 and by the House on July 2. An explanation of its sections by Senator Brown was given in our July 9 issue. The following is the text of the new legislation as enacted into law, which amends Sections 12A and 19 of the Federal Reserve Act.

(S. 2565)

(Copy from Congressional Record June 26, page 5777)

Be it enacted, etc., That subsection (a) of section 12A of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 263), is amended by striking out the second and third sentences thereof and substituting the following: "Such representatives shall be presidents or first vice presidents of Federal Reserve banks and, beginning with the election for the term commencing March 1, 1943, shall be elected annually as follows: One by the board of directors of the Federal Reserve Bank of New York, one by the boards of directors of the Federal Reserve Banks of Boston, Philadelphia and Richmond, one by the boards of directors of the Federal Reserve Banks of Cleveland and Chicago, one by the boards of directors of the Federal Reserve Banks of Atlanta, Dallas, and St. Louis, and one by the boards of directors of the Federal Reserve Banks of Minneapolis, Kansas City, and San Francisco. In such elections each board of directors shall have one vote; and of the details of such elections may be governed by regulations prescribed by the committee, which may be amended from time to time. An alternate to serve in the absence of each such representative shall likewise be a president or first vice-president of a Federal Reserve bank and shall be elected annually in the same manner."

Sec. 2. The sixth paragraph of section 19 of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 462b), is amended to read as follows:

"Notwithstanding the other provisions of this section, the Board of Governors of the Federal Reserve System, upon the affirmative vote of not less than four of its members, in order to prevent injurious credit expansion or contraction, may by regulation change the requirements as to reserves to be maintained against demand or time deposits or both (1) by member banks in central reserve cities or (2) by member banks in reserve cities or (3) by member banks not in reserve or central reserve cities or (4) by all member banks; but the amount of the reserves required to be maintained by any such member bank as a result of any such change shall not be less than the amount of the reserves required by law to be maintained by such bank on the date of enactment of the Banking Act of 1935 nor more than twice such amount."

Sec. 3. The ninth paragraph of section 19 of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 464), is amended by striking out the proviso thereof, so that the paragraph will read as follows:

"The required balance carried by a member bank with a Federal Reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Board of Governors of the Federal Reserve System, be checked against and withdrawn by such member bank for the purposes of meeting existing liabilities."

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