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Price Regulation And Rising Costs Reduce Profits, Conference Board Survey Shows

The General Maximum Price Regulation has, in conjunction with a continued upward trend in costs, given rise to a fairly general decline in profit margins, according to the Conference Board, New York. Further declines in profit margins are expected in the future if the present system of control remains, the Board adds, in giving its findings in a survey of the effect of price control just completed. Losses, it says, are being currently incurred in certain products, and may result in the abandonment of some lines.

The Board observes, however, that for companies in the highest tax brackets most of the increase in costs is borne by the Treasury, since profits after taxes are much less adversely affected than total taxable income in such instances.

The Board summarizes the results of its survey as follows:

"The trend of production costs has continued upward during the two months since the General Maximum Price Regulation became effective. The majority of business executives contributing to this survey observe that the order has had little effect on costs as it does not control wages, although in some instances greater stability in material costs is reported. In many industries, however, raw materials already were under control when the general order went into effect. About one-eighth of the reporting companies have not experienced any important change in costs during the past two months, and less than 2% note a decrease as a result of increased production. For 39%, the increase in costs is slight; for 36%, it is moderate and for 11%, it is marked.

"Higher labor charges and raw material shortages are the most frequently mentioned causes of cost increases. Some materials, however, particularly farm products which are not controlled, have increased in price. In ad-

(Continued on page 467)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

A terrible matter has apparently been moving Washington of late, something, we gather, like the earthquake which shook Japan the time we poured out millions of dollars in aid to our "friends." This matter that has been shaking us is the question of whether Donald Nelson or Brehon Somervell, the latter a Lieutenant-General in the U. S. Army and the chief of the service of supply, is the bigger man.

All Washington today has to do with this question. Among our local editors and columnists, it has supplanted the proposition of whether we should open a Second Front. You must appreciate that the agitation of Washington is far louder than any guns that are being fired on our respective fronts, and being the nosiest, therefore, is the most "important."

Since we have made the comparison of the Second Front, it is interesting to report that the columnist emphasis, unquestionably reflecting the military thought, has recently been to the effect of "Whoever suggested the possibility of a Second Front in the first place?" We are being told by these columnists now that a Second Front is out of the question, and that perhaps we intend to strike our most telling blows when Japan attacks Russia and by Japan's doing that, it will open up Siberian landing fields to us from which we shall be able to bomb Tokio. We don't attach too much importance to the columnists. We simply know that when they were writing about the Second Front they were reflecting what Government propagandists were telling them. It seemed that every time a military official flew over to Britain, or even a Baptist preacher, there would be a wave of newspaper stuff about their trips being a prelude to the opening of a Second Front. Of course, military officials, or missions, or Baptist preachers, do not open up any fronts.

What we think is interesting is that the last "mission" which flew over and back was Steve Early. Following his return to our shores, the stories have been that after all, a Second Front was not quite the thing at this time, but if the Japs attacked the Russians, then we would do our stuff. This overlooks the fact that we don't seem to be able to get the Japs out of the Aleutians which are astride our air course to Siberia.

But frankly, these matters are too involved and we return to the

(Continued on page 467)

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 now clear that if the United States is not successful, or only partially successful, in its role as the arsenal of the "democracies" the fault will not lie with American industry but with faulty over-all planning and management. The industrial plant of the country has wrought miraculously both in producing the implements of war and in preparing to produce them on an even vastly enlarged scale—only to find that materials are unavailable, or soon will be. Evidently some one with authority to coordinate plant construction and conversion with materials supply and to balance materials production with future needs has blundered badly.

What seems the strangest to the layman is that it was apparently not until materials shortages actually began to assume substantial proportions that the authorities themselves realized that anything was awry. It would be a "ghastly jest" indeed if it presently proved that manufacturing industry had succeeded in organizing itself to make good the "fantastic" estimates of the President early this year only to find that they were not able to proceed fully with their plans because materials cannot be had in sufficient quantities — materials, many of which normally originate within our own borders.

Another Washington Mystery

Precisely what is the origin of our difficulties in this matter? That appears to be another in the steadily growing list of Washington mysteries. Too large a proportion of available critical materials devoted to manufacturing plant with the result that there is not enough of them left, and not enough capacity to produce them, to keep the enlarged manufacturing facilities going at full blast? Quite possibly this may be one of the difficulties. Certainly the enlargement of manufacturing plant devoted to war production has been staggering, but it is likewise true that capacity to produce a number of the materials now said to be short supply has been enormously enlarged. Waste of

(Continued on page 459)

Forty vs. Forty-Eight Hours

In view of the wide discrepancy in labor policy on hours of work among establishments—both private and governmental—working on war production, and in order to secure observance of those standards which experience shows are best for sustained maximum output, the following statement of policy is issued as a guide to government establishments, to field representatives of procurement agencies and to contractors working on war production.

* * *

***While a forty-hour week is generally accepted in peacetime there is a widespread and increasing agreement as a result of actual experience, both in this country and abroad, that for wartime production the eight-hour day and forty-eight-hour week approximate the best working schedule for sustained efficiency in most industrial operations.*—Eight Government agencies in a joint statement.**

If any one over-all figure must be named, we suppose 48 hours comes as near to being the work-week most conducive to maximum output as any.

But what we can not understand is why, if this is true, the 40-hour week in peacetime is regarded as almost sacrosanct.

Clearly, if what the authorities here say about the 48-hour week is true, the nation can at any time adopt a 40-hour week only at the sacrifice of production which is the basis of the more abundant life.

The shorter hours give more leisure but less of the good things of life. Perhaps the leisure is more to be desired, but we should not deceive ourselves with the notion that we are not paying for the leisure thus acquired.

U. S. Agrees To Relieve Chilean Oil Shortage

Agreement has been given on the part of the United States to ease Chile's acute petroleum shortage as soon as possible, according to Chilean Ambassador Rodolfo Michels, who indicated this at Washington on July 27 after conferring with Secretary of State Hull and Undersecretary Welles. Associated Press advices from which this is learned, added:

"Ambassador Michels said that shipments of fuel to his country would be increased shortly to remedy a situation that was cramping industrial activity.

"After his talks with the United States officials, the Ambassador said that he foresaw an ever-increasing collaboration between Chile and the United States. He stated that his country was sending strategic materials to North America to the limit, and asserted that Chile also was co-operating politically in hemispheric solidarity. His government, he pointed out, had stated that Axis agents would not be permitted to use Chile as a center of espionage and intrigue.

"'Chile,' the Ambassador said, 'is non-belligerent, but not neutral.'"

The same advices stated that Secretary Hull told newspaper reporters that among the subjects discussed with the Ambassador, who returned on July 25 from a trip to Chile, were phases of western hemispheric defense.

Final Account Filed By Committee On Mexico

The International Committee of Bankers on Mexico filed its final account with the State Supreme Court in New York on July 31 in the action started some years ago by the Committee for a judicial settlement of its accounts for the period from the inception of the Committee in 1919 to date. The Committee's announcement, made available Aug. 1 by the Secretary of the Committee, Vernon Munroe, said:

"The account in addition to schedules showing receipts and disbursements of the Committee contains a detailed recital of the Committee's activities during the period in question on behalf of the holders of Mexican securities. It shows that, despite the magnitude of its labors over a period of 23 years which resulted in a recovery for bondholders of some $45,000,000, less expenses of about $5,777,000, no member of the Committee has received any compensation to date for his services, although right thereto has been reserved in the account.

"Among the members of the Committee are Thomas W. Lamont, Chairman since 1922; Sir William Wiseman, Walter T. Rosen, DeWitt Millhauser, Lord Bicester, Sir Edward Peacock, Frank C. Tiarks, Vincent W. Yorke and representatives in France, Belgium and Switzerland.

"In duration, international scope and complexity of problems dealt with, the work of the Committee has been unique among organizations of its kind. The Committee's organization in 1919 proceeded under sanction of the United States Department of State, and because of the world-wide distribution of Mexican securities the Committee has had to function in many countries, including the United States, Great Britain, France, Holland, Switzerland, Belgium, Germany and Mexico. It was required to provide machinery for the handling of more than $500,000,000 principal amount of obligations in 28 separate issues comprising 36 series as well as over $200,000,000 of interest in arrears prior to 1923 and the adjustment of current interest during the period 1923-1927."

Editorial—

War And Post-War Government Financing*

The new aspects of government financing are derived directly from the great depression with its economical, social, and political changes. Of these, the political results are the most important. It can be said with firm assurance that the time has come when it will not be possible for this country to survive a protracted period of business depression and consequent unemployment without undergoing deep-seated social and political changes. We had such a period. We have met with such changes. It is our first major experience of the sort. It will not be our last, unless we attain some measure of control over business depression and unemployment.

Since the depression and the unemployment occurred under political administrations which were friendly to business and since business during the period was operating under little governmental restraint, the responsibility for disaster was popularly placed on business; and there it has remained. That we have to face as an unpalatable fact, but still a fact.

As a result of placing the sole responsibility on business, there has come a flood of legislative and administrative measures for the control of business operations. There may be possible usefulness in a minority of these new measures. The majority of them have caused great harm to business activity, to private employment, and to the maintenance and expansion of the standard of living of the common people of this country under peace-time conditions. In spite of that, the unfortunate changes were politically inescapable. Under similar conditions in the future, they will again be politically inescapable. This is a condition we must learn to recognize and to take into account.

Among the measures of business control undertaken were tax laws of such nature as to penalize venture capital and make it unsafe to invest in anything except "sure things." Parallel with this was the control of the issuance of new securities which was intended to prevent the sale of stock in any enterprise which was not also a "sure thing." The consequence of these two measures and of other governmental acts and attitudes which worked in the same direction was the disappearance of the opportunities for investment of new capital and new enterprise, or new ventures in old enterprise, and thereby we lost the reviving effect of creative business investment in private business and expanding employment.

Private capital being thus diverted from its normal and healthful functions found little opportunity to invest elsewhere than in government funds. The commercial banks being similarly handicapped in the making of regular commercial loans, were likewise driven to the purchase of governmental securities as their major earning possibility. These parallel situations resulted in the ability of the Federal Government to get loans without limit at absurdly low interest rates. Limitless and low cost governmental money in turn gave an opportunity and an excuse for large engineering operations such as the Fort Peck Project and Boulder Dam and a multitude of smaller projects ranging all the way from flood control, through needed school houses, to unneeded and uneconomical new post offices.

With the advent of the war, the Government's ability to finance itself easily and cheaply has carried through from the peace-time economy from which it developed to the war-time economy in which we now find ourselves. The present situation of government financing and control in purely war-time production has many aspects that are highly desirable. It is desirable that the great new munitions plants should be government financed and, better yet, government owned. It is undesirable that private industry should be asked to build them up from its own resources and be left with a vested interest in the production of war materials. In this year of grace, 1942, it is an honor to be a "merchant of death" as the old munitions makers were called. It is an honor rather than a disgrace because these present merchants of death are devoting their whole skill and energy to a patriotic work in the national interest; and since these plants are for the most part financed and owned by our national government, they need not now or in the future be used for any undertakings that are not in the national interest as defined by the then-existing Federal Administration.

Speaking from now on, more directly on the question of government financing, it is clear that its most startling feature is the vast indebtedness which our Federal Government is piling up. The beginning of this indebtedness was made at the time of the expenditures for relief payments and relief works in the early days of the present administration. Though the sums then appropriated in excess of national income seemed at the time fantastic, they were but the beginning. From hundreds of millions, the sums voted to be spent rose to billions; from billions they have risen to tens of billions and the national debt has gone up with cumulative acceleration.

Early in the process, it began to be feared that we were running into a runaway inflation. These fears, though strongly felt by many seven or eight years ago, have not yet been realized in fact. The avoidance of inflation has been in a large measure due to our not having fulfilled up until this time, one of the fundamental requirements for such a disaster; namely, that our manpower and/or our productive equipment should be fully occupied. As long as there was unemployment, as long as there were idle plants and factories, so long would it have been extremely difficult to start an inflation based merely on fear and a resulting flight from the dollar. On the other hand, with these conditions of full employment of manpower and/or productive resources realized, it will take very little to start an inflation which may quickly become unmanageable.

It is that possibility which confronts us at the moment. That possibility will become a certainty if the continued increase in dollar incomes is not met with a continued increase in the productive capacity and production of the things which the holders of those incomes desire to purchase. Since, with full production, there are not enough of those desirable purchasable things, the stage is now set, as it has been in no time in the past, for a rapid and disastrous rise in dollar values.

Taxation and loaning to the Government are the obvious remedies. Neither remedy is being applied in sufficient force. So far as taxation is concerned, the additional amount that can be taken from the larger incomes is so small as to be ineffectual. There is necessary either a vigorous and successful campaign of voluntary purchase of government bonds, or forced saving for government borrowing; or taxation which touches that great percentage of American income which is in the lower brackets. These remedies are politically painful and difficult. Yet one or all of them must be applied if the value of the dollar is to be kept in control and national credit maintained.

The future of government financing is full of uncertainty since it is a part of the larger problem of the relationship between government and business, the revival or extension of private business intiative and the underlying political complexion of our immediate future. Fundamentally the problem is political in the broad sense rather than in a narrowly economic sense.

It is a common experience that political administrations which have waged a war, even though it be a successful war, do not survive long after the conflict has ended. If this rule is followed, it is possible that more conservative administrations and policies may be looked for some time in the next decade. In this case, it is reasonable to expect that a revival of private enterprise and employment and a consequent diminution of governmental expenditure may result. Yet this is by no means a foregone conclusion, for it is your speaker's conviction, as stated earlier in this paper, that a protracted period of unemployment will now and at any time in the future make conservative government impossible. If that be true, then the future of any new administration which is favorable toward a revival of private initiative will depend on its success in handling the unemployment problems of the future.

In part, those unemployment problems can be handled by more far-seeing policies on the part of business organizations themselves. Fortunately this foresight and the establishment of these policies are already under serious consideration by some of the principal industries of this country. The same foresight and the same practical approach needs to be developed in all business, small as well as large, if the maximum of employment is to be maintained by private initiative.

One idea which must become almost a moral obligation with those of us who are engaged in business is that we must look to derive our profits directly from the production and distribution of desired goods and services. To the extent that we expect to draw wealth from putting into money form *now* the unrealizable profits of an impossible future, to that extent we invite disaster as we did in the speculative period of the late nineteen twenties. Wealth from production, not from speculation, must be the ideal of the business world if we are to avoid another and worse social and economic revolution.

There are, however, many reasons for the belief that with all that private business can do, there is still danger from wide-spread unemployment and resulting political, social, and economic disaster. That being the case, we must have planned and ready to apply before hand some measures for a counterbalance to the deficiencies which it is so difficult to prevent in our high-speed business economy.

To the mind of your speaker, there is no more hopeful expedient for counterbalancing these deficiencies and rendering them harmless than that of well-planned and useful governmental expenditures released at the right times, in the right amounts, at the right places, in the right way.

On the face of this, it is simply supporting the policies which have been applied for the last eight years and which completely failed to inaugurate a healthy revival of business and employment. Yet the qualifications introduced in describing the policy are of the utmost importance and have been until now disregarded. The expenditures and the work financed by those expenditures must be of the right amount, in the right place, at the right time, and made in the right way.

The differences between past and future policies involve among other things some changes in the conception of their functions. In the first place, these expenditures are to be used not as the *motive power*, but as the *balance wheel* of our economy. This is fundamental. Secondly, they must be as completely as possible divorced from immediate political considerations. This, though difficult, can be taken care of in the legislation by which the policy is authorized and on which it is organized. Thirdly, the work undertaken must be performed under such conditions that it so nearly resembles private occupations that the workman need not know, nor care, whether he is being paid with government money or that of a private firm.

There are many other necessary points to be covered to distinguish it from the ineffectual methods we have followed until the present time. To replace them with effective methods, it is necessary to have continued study, skillful legislative draftsmanship and a selling job by those convinced of the continued effectiveness of private enterprise, and alive to the situation which ultimately determines our policies and their own fate thereby. Without control of the unemployment problem, our political institutions will disappear, the sickness of private enterprise will end in death, and government financing will become a matter of expropriation of the remaining private resources. With unemployment under control the way lies open to avoid these disasters, and in spite of the present enormous Federal indebtedness and the great additions which the conduct of the war may require to be made to it, this indebtedness will not be so great that it cannot be serviced and slowly reduced by a busy, prosperous country.

In bringing about the future which the whole nation so much desires, business and finance has to see in clear terms its useful social function in the nation, and it then has to persuade the electorate to give it the opportunity to perform those functions for the good of all.

Let us pray that we will fail not in the vision, and that we fall not short of the strength and wisdom needed to attain it.

**Text of an address made by Ralph E. Flanders, President, Jones & Lamson Machine Company, at the Third New Hampshire Bank Management Conference held at the Amos Tuck School of Business Administration, Dartmouth College.*

THE FINANCIAL SITUATION

(Continued From First Page)

scarce materials for purposes which could be quite satisfactorily served by other materials of which there is no shortage? There is evidence that this type of faulty planning has cost us dearly and is still costing us dearly, though, of course, the mere layman hesitates to be dogmatic upon such a subject. It may be said, however, that the technical press long ago began exposing this type of waste and predicting some such situation as we are now apparently facing in the event that these practices continued. Currently reports, apparently reliable, from Washington accuse both the Army and the Navy of clinging stubbornly to their insistence upon use of critical materials where abundant substitute materials have been proved quite satisfactory, and upon using them even for distinctly trivial purposes.

Correction Urgent

Here is a situation which evidently calls loudly for prompt correction to the utmost extent to which correction at this rather late date can be effected. That correction patently must come from the highest authorities in Washington, and can come from no other quarter. It may be added parenthetically at this point that it is most earnestly to be hoped that at long length something effective is being done about the production of synthetic rubber so that six months or a year hence we shall not find ourselves facing what amounts to a rubber famine in this country. The thoughtful student of public affairs, it may be added, would feel very much more comfortable concerning this situation if the facts were at his command.

But what appear to be well authenticated facts strongly suggest that at a number of other points also the authorities have not been particularly foresighted. Take the matter of fighter planes, so vital to modern warfare. The public is constantly being fed with yarns about the speed, the climbing ability, the armament, the armor, or the maneuverability of this or that American pursuit, interceptor or fighter plane. Yet if one may rely upon press correspondents at the various fronts, not one American fighter plane has made its appearance in any of the major battlefields which can match the German or Japanese planes in this category. To be sure we are now told of new and improved models at length in production which will fill this gap, but, alas, similar stories have been heard so often in the past that the man in the street can well be excused for waiting to be shown, to drop into the vernacular.

Who Is Responsible?

Why this serious shortcoming? Surely not by reason of any lack of materials, technical skill or lack of engineering imagination on the part of American industry. No one doubts, no one could doubt that we have these things to match any other nation on the globe. The difficulty is in some part doubtless to be traced to the lack of interest in and careful study of military needs in the prewar years. Colonel Lindbergh upon his return to this country long before we became involved in the war noted this lack of study of the adaptation of the airplane to modern war, but he seemed to make no impression upon officialdom. But for several years now we have had the benefit of full knowledge of British experience, and at least a working knowledge of German experience to guide us. If the newer fighter planes now in production are not of the best, we can put that fact down as nothing less than a national disgrace, and the fault can be laid at no one's door other than the Army and the Navy.

Such shortcomings in the over-all management of the war production effort are particularly serious since they directly affect the results in a vital degree. If, however, we view our war effort as all-pervasive, as without question we must and as the President is constantly insisting that we do, then many other serious defects are apparent which must directly or indirectly by so much impair the effectiveness of our effort to win over a combination of enemies far stronger than any we have ever before faced. Such defects are particularly evident in the whole price control program, which along with rising costs is placing large numbers of business enterprises in a steadily closing vise, and creating a situation which must be relieved in one way or another at no very distant date. The danger, or one of them, seems to be that presently the President will undertake to persuade, and succeed in persuading Congress to provide subsidies for a long list of enterprises which find it impossible to continue to operate under existing regulations. Another obviously is that many enterprises will in any event meanwhile be forced to close down.

Confusion and Uncertainty

The rubber situation about which there seems to be every opinion in official circles, the gasoline and fuel oil situation in the eastern states, the meat impasse which recently filled the headlines of the daily press, and a long list of other incidents and developments which leave the general public not only confused and uncertain, but necessarily skeptical as to whether any one in Washington really knows what he is about—these are factors which tend seriously to impair moral, and which may presently substantially impair the effectiveness of our war program. The Administration has outwardly at least placed a damper upon its impulse to abuse business and to cast aspersions upon industrial achievement. It has even at times commended the achievements of American industrial organizing genius. Weakness, however, continues where the Administration's self-analysis is said to have found its own greatest shortcoming — administration — and, of course, it is making its own tasks doubly trying by clinging to grandiose ideas of managing everything from Washington.

In light of this record it is most ardently to be hoped that nothing will come of the plan said now to be under consideration for "drafting" the entire population which would then work under instruction from Washington.

Bone Bill Criticized As Socializing Power Industry Through War Bond Funds

The assertion was made on July 21 by Z. E. Merrill, President of the Mountain States Power Co., that under the pending Bone Bill money invested by buyers of war savings bonds and stamps will be used by the Federal Government for socialization of the private power industry in the Northwest. Mr. Merrill's allegations were made in a special report to the company's stockholders in which, in criticizing the bill he declared that this "socialization" process would provide no additional kilowatts of electric power for the war and would build no additional tanks, guns or airplanes. In the New York "Times" of July 22, from which we quote, he is further reported as saying that "the money would be used not to aid the war in the slightest degree, but only to change the ownership of the utility property acquired."

The bill (S. 2430) was introduced on April 1 by Senator Homer T. Bone of Washington. At that time it was stated that the measure would create a Columbia Power Administration, financed by revenue bonds, which would market and control the power generated by the Bonneville and Grand Coulee hydroelectric developments.

Describing the bill as "of the utmost importance" to all holders of electric utility securities in the Northwest, Mr. Merrill was quoted in the "Times" of July 22 as saying:

"It could eliminate all privately owned utilities in the region through acquisition by the government and later sale to local municipal agencies which might be created. This would be accomplished without a vote of the people and by the exercise of condemnation authority.

"Under the authority utility property could be condemned by the administrator and immediate possession taken, leaving the determination price to be paid to future court action. Properties could be dismembered by the taking of relatively small but vital parts, thus greatly reducing the bargaining value of the remainder."

From the "Times" we also quote:

"Quoting the bill to the effect that 'determinations as to what expenditures are chargeable to appropriations, bond proceeds, revenues, general receipts and surplus shall be final and conclusive on all officers of the government,' Mr. Merrill declared that such provisions offered 'broad spending powers and opportunities for juggling accounts.'

"'Altogether,' Mr. Merrill concluded, 'this is a most amazing and shocking attempt to disregard the rights of private enterprise, to make possible the destruction of private property values, to force upon an unwilling electorate public ownership and to destroy local home rule.'

"In many instances in the past public power proposals have been defeated in communities in the Northwest when the issue was presented to the local voting public for consideration. The Bonneville and Grand Coulee developments, however, were Federal projects advanced as power development and conservation programs."

In the same paper it was also stated:

"Mountain States Power, which operates in 117 communities in Oregon, Washington, Idaho, Montana, South Dakota and Wyoming, is a unit in the Standard Gas and Electric Co. system. For this reason Mr. Merrill's statement took on added significance, since the chief executive of Standard Gas and Electric is Leo T. Crowley, a high Administration official."

Indicating that the administration of the Columbia Power Administration would be lodged with Secretary Ickes' Department, the Associated Press accounts from Washington on April 1, said:

"The Senator (Mr. Bone) told the Senate he introduced it (the bill) on behalf of himself and Senator Mon C. Wallgren (Democrat), Washington. The measure, Mr. Bone said, would permit the Administration to acquire private utility systems in the Pacific Northwest through issuance of the revenue bonds. The Administration would remain in the Interior Department, with the Administrator to be appointed by the President and confirmed by the Senate.

"Mr. Bone asserted that the private power company obligation acquisitions contemplated 'are necessary for the most complete wartime use of the vast water power resources and facilities of the Northwest and that the proposed revenue bonds will be supported by and be payable only from the revenues derived from the operation of the great system created under the proposed amendment.'"

The State Of Trade

Further expansion in electric output—which is now operating at an all-time high—and gains in refinery runs, bituminous coal production and engineering construction volume have sent business index figures to the highest point since last December.

For the second successive week production of electricity in the United States reached a new all-time high record in the week ended July 25, at 3,625,645,000 kilowatt hours, the Edison Electric Institute reports.

This was an increase of 12.6 per cent compared with the 1941 week. In the preceding week this year the output was 3,565,367,000 kilowatt hours. For the latest period all regions showed gains over a year ago, the greatest being 21.5% in the Southern states and 21.2% on the Pacific Coast.

According to the Association of American Railroads, 855,522 cars of revenue freight were loaded during the week ending July 25. This was a decrease of 1,545 cars, or 0.2%, compared with the preceding week; a decrease of 42,042 cars, or 4.7%, compared with a year ago, and an increase of 137,484 cars, or 19.1 per cent, compared with 1940.

Steel production for the current week is scheduled at 96.5% of capacity, the lowest rate in about a month, and half a point under last week's operations of 97%, the American Iron & Steel Institute reports.

At 96.5%, indicated steel output this week is 1,639,200 net tons of ingots, compared with 1,647,700 tons last week and 1,591,100 tons for the like 1941 week.

Engineering construction volume for the week totals $259,800,000, an increase of 50% over the total for the corresponding 1941 week and 75% above last week's total as reported by "Engineering News-Record."

Public construction gained 55% over a year ago, and is responsible for the increased volume, as private work is 0.5% under last year. Both public and private construction record increases over last week, the former up 79%, and the latter 36%.

The current week's total brings 1942 construction to $6,106,820,000, a gain of 61% over the volume for the 31-week period in 1941, and already in excess of the $5,868,699,000 reported for the entire 52 weeks of last year.

Department store sales on a country-wide basis were up 5% for the week ended July 25, compared with the like week a year ago, it was shown in the weekly figures made public by the Federal Reserve System.

New York City department store sales were off 3% in the week ended July 25, compared with the same 1940 week, according to the Federal Reserve. Sales a year ago at this time were running at high levels, the week ended July 26, 1941, showing a gain of 26% over the comparative 1940 week.

Reports on agriculture show up exceedingly well. Farmers' cash income is running 40% above 1941 and pointing to an all-time record total this year of close to $15,000,000,000, official Agriculture Department reports indicate.

Farm income this year will be more than three times the depression low of 1933.

Farmers are reported to be paying off part of the $10,000,000,000 debt they have accumulated in the last 20 years.

Record production of crops and livestock enjoys the highest prices since the boom days of World War I.

Half year reports issued to date by 180 manufacturing companies show, in a majority of cases, a substantial decline in net income after taxes as compared with the levels of a year ago, according to a tabulation by the National City Bank of New York.

This group of companies, representative for the most part of the larger manufacturing organizations, and employing an aggregate capital and surplus of approximately $8,965,000,000 at the beginning of this year, had net income in the first half of 1942 of $361,000,000 after taxes, which was 37% below the earnings in the first half of 1941.

The labor situation appears to be looming up again as an unpleasant feature. It is pointed out that strikes in war industries have increased from 27 in January to 192 in June, or by 611%, according to a study covering the first six months of 1942, released by the National Association of Manufacturers.

The Association finds that the men involved in the strikes were 11,605 in January and 84,775 in June. The number of man hours lost in war production industries because of such strikes increased 415% in June against January, or to 2,037,224 from 369,576 hours.

It is pointed out that the next few months are likely to require considerable tact and understanding both among employers and labor representatives if widespread stoppages are to be avoided.

There is little doubt that a wave of labor restiveness is sweeping the country. Various causes are ascribed. One important cause, obviously, is that the cost of living is continuing to rise, despite the general maximum price ceiling. In the face of possible wage freezing, labor representatives are hastening to make demands for higher pay before such ceilings become effective.

It is further pointed out that the expansion of unions has been such that there is a shortage of seasoned negotiators and leaders among the unions. Similarly there is apparently a dearth of qualified personnel men to cope with the labor crises that arise during wartime. In the face of this situation it is likely that sporadic work stoppages may occur.

Find Abrupt Changes In 1941 Income Flow

Abrupt changes developed in the flow of income to the various states and regions during the past year, according to The Conference Board, New York. The Board states that although every State without exception enjoyed a higher level of income than in 1940, the range of increases was extremely wide, varying from a low of 7% for Montana to a high of 46% for Mississippi. The corresponding range of increases from 1939 to 1940 was much more restricted, says the Board, which reports the upper limit as being only 11.5%. Wider variations also occurred in income by geographic regions, with gains ranging from 14% in the Mountain area to 31% in the Pacific region. The upper limit of regional increases in 1940 was 8%, according to the Board, whose comment upon these changes follows in part:

"Gains were generally most marked in those areas in which defense and war contracts were highest as compared with their normal peacetime production. Thus the Pacific area which has had its income raised most sharply also received the highest share of war contracts in proportion to its 1939 manufacturing output. Specifically, total war contracts from June, 1940, to January, 1942, were almost four times as large as total value added by manufacture in this area in 1939. In contrast, the expansion of income in the New England, Middle Atlantic, and East North Central regions, comprising the predominant peacetime manufacturing belt, was slightly below the average for the nation. War contracts awarded to these regions were, in turn, just about equal to the aggregate value of their manufacturing operations in 1939.

"Among the other major factors contributing to the uneven spread in 1941 were (1) the entrance into production of new armament plants placed in under-industrialized regions for strategic reasons; (2) the enlargement or establishment of military camps with the accompanying expansion of income through construction, servicing, and military payrolls; (3) the extraordinary migration of civilian workers into defense-war areas; and (4) regional variations in the amount of income derived from agriculture, which moved forward more sharply in 1941 than any other industrial component of national income, except contract construction.

Trends In State Incomes, 1941

"All but seven States had higher incomes than in any preceding year. The exceptions were Vermont, North Dakota, South Dakota, Nebraska, Oklahoma, Montana, and Arizona. Besides Mississippi, States with gains well above the national average were Virginia, with 39%; Louisiana, 37%; Kansas with 35%; and Connecticut, Washington and California. Ten other States had incomes above the average increase of 23% for the United States. Montana, Nebraska, and Nevada were the only States with increases of less than 10%.

"Two changes occurred in the ranking of the first 10 States, which received 62% of the total national income in 1941, and 62% of the increase for the year. New York led, with an income of $13,600,000,000, followed by Pennsylvania, with $7,100,000,000. California, with an income almost equal to that of the entire New England area, passed Illinois to assume third place. Following Illinois were Ohio, Michigan, Massachusetts, New Jersey, Texas and Indiana. Indiana replaced Missouri in tenth position in the State rankings.

"Significant changes also developed in the rankings of the remaining States. Connecticut replaced Minnesota in 13th place. Mississippi passed Rhode Island, Arkansas and Nebraska to take 33rd place. Delaware also bettered its position. Iowa dropped from 15th to 19th place. New Mexico, Vermont, Wyoming and Nevada continued at the bottom of the list, with a combined income equal to about a 10th of Pennsylvania's.

Treasury Offers 2½s So-Called "Tap" Issue

The offering of an additional amount of 2½% Treasury Bonds of 1962-67 was announced by Secretary Morgenthau on Aug. 3, cash subscriptions being invited at par and accrued interest, the amount to be issued, said the announcement, "not being specifically limited." At the same time the Secretary announced that "additional rights not heretofore accorded would be attached to the bonds, through provision for their optional redemption, at par and accrued interest, upon the death of the owner, for the purpose of satisfying Federal estate taxes." It was further announced that:

"The right is reserved to close books as to any or all subscriptions at any time without notice. Subscriptions will be allotted in full as received, and payment at par and accrued interest from May 5, 1942, must be made on Aug. 3, 1942, or on later allotment. Accrued interest to Aug. 3, 1942, is $6.16293 per $1,000, and each day's accrued interest thereafter is $0.0683 per $1,000. Delivery of bonds allotted hereunder will not be effected earlier than Sept. 1."

This week's offering of the 2½% Treasury Bonds, due in 1967, represents the reopening of the sale of the so-called "tap" bonds, offered in May, and referred to in our issue of May 7, page 1792. The results of the offering showed that $882,078,700 bonds were sold in the 10 days the books were open. Details of the final subscriptions and allotments were given in these columns May 21, page 1952. In his announcement of Aug. 3 regarding this week's offering Secretary Morgenthau said:

"The bonds now offered will be an addition to and will form a part of the series of 2½% Treasury Bonds of 1962-67 issued pursuant to Department Circular No. 685, dated May 4, 1942. They are identical in all respects with such bonds, with which they will be freely interchangeable. The bonds are dated May 5, 1942, and bear interest from that date at the rate of 2½% per annum payable semiannually, with the first payments due Dec. 15 1942. The bonds will mature June 15, 1967, but may be redeemed, at the option of the United States, on and after June 15, 1962. Bonds registered both as to principal and interest will be issued in denominations of $100, $500, $1,000, $5,000, $10,000 and $100,000; they will not be issued in coupon form prior to May 5, 1952, but coupon bonds in these denominations will be available and freely interchangeable with the registered bonds after that date. These bonds will not be available for subscription by commercial banks accepting demand deposits, nor eligible for transfer to such banks for a period of 10 years from May 5. The bonds may be pledged as collateral for loans, including loans by commercial banks which accept demand deposits, but any such banks acquiring the bonds because of the failure of such loans to be paid at maturity will be required to dispose of them in the same manner as they dispose of other assets not eligible to be owned by banks. As the offering is not specifically limited in amount, it will remain open for a period longer than customary.

"Pursuant to the provisions of the Public Debt Act of 1941, interest upon the bonds now offered shall not have any exemption, as such, under Federal Tax Acts now or hereafter enacted. The full provisions relating to taxability are set forth in the official circular released today.

"Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington. Banking institutions and security dealers generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Subscriptions must be accompanied by payment in full."

This type of bond cannot be bought or owned by banks, and it was noted by the Associated Press that it is designed especially for insurance companies, trust companies, business corporations and large individual investors.

It was announced on Aug. 3 that the Metropolitan Life Insurance Co. had subscribed to $125,000,000 of the new issue; last May the company purchased $100,000,000 of the bonds. The Mutual Life Insurance Company of New York announced on Aug. 3, through Dwight S. Beebe, Vice-President and Financial Manager, that it has subscribed to $70,000,000 of the new issue of bonds. This subscription, Mr. Beebe said, which is the largest single subscription ever placed by The Mutual Life for any single security issue, brings the Company's total holdings of United States Government securities to $565,582,300 principal amount. At the time of the May offering of the "tap" bonds the Mutual subscribed to $60,000,000. As to the purchases by other insurance companies of the current issue of "tap" bonds, the "Wall Street Journal" of Aug. 4 said:

"Equitable Life, which bought $100,000,000 in May, and Prudential, which bought $150,000,000, are expected to make big commitments today, and New York Life, which bought $50,000,000 in May, also is expected to be a substantial purchaser. The New York Life purchases this week are indicated as $100,000,000, and those of the Equitable as $75,000,000—Ed.

"On the previous occasion, 137 insurance companies in the New York Federal Reserve District bought $492,000,000, and this figure is likely to be exceeded this time. In this district savings banks bought $32,000,000 in May; individuals, $11,000,000; trust accounts, $9,000,000 and beneficial funds, colleges and other institutions, $42,000,000. The remainder was made up of miscellaneous buying.

"In the New York Federal Reserve District more than 2,500 salesmen were ringing doorbells and telephoning yesterday to a 'prospect' list of 28,000 names, all assigned to different houses and their salesmen. In May there were 2,500 subscribers in this district to the 'tap' issue, but this is expected to be greatly exceeded on this occasion."

In addition to the current offering of "tap" bonds, the Treasury indicated on July 31 that later this week it would offer $1,500,000,000 certificates of indebtedness to raise "new" money incident to war needs.

Morgenthau Seeks To Avoid Forced Savings

Expressing it as his belief that "we shall continue to be able to finance this war without compulsory saving" Secretary of the Treasury Morganthau stated at his press conference on July 30 that "the important thing is getting every dollar possible outside the banks. We are doing that. Forty per cent of our weekly bill buyers, even, are non-banking investors."

Mr. Morganthau added that "we are constantly working on such schemes as the tap issue to attract such people. I have to borrow from $4,500,000,000 to $5,000,000,000 a month. As long as the American people will lend it to me I shall shy away from forced savings."

The views of Mr. Morganthau were prompted by a query at his press conference as to a compulsory savings plan. A plan to this end was presented on July 28 to Senator George, Chairman of the Senate Finance Committee, by Julian Goldman, New York merchant, as was noted in our July 30 issue, page 364. Senator George was later reported as giving some thought to the proposal, offered with a view to curbing inflation, and Secretary Morgenthau was likewise indicated as saying that the plan "deserves study."

Control Of Living Cost Is Being Surveyed

President Roosevelt announced on July 28 that Justice Samuel I. Rosenman of the New York Supreme Court is collecting data on the Administration's anti-inflation problems. The President said that Judge Rosenman is not preparing a report on the cost of living but is assembling information and boiling down facts in the matter.

Price Administrator Leon Henderson on July 28 presented to Mr. Rosenman the OPA's memoranda on prices and wages. Prior to this, the public members of the National War Labor Board furnished facts on wage policy proposals. It is understood that the Treasury Department and the War Manpower Commission have also submitted data looking to the adjustment of the wage situation.

Cites Dangers Of Using Federal Debt To Increase Purchasing Power, Equalize Income

"There is a new fiscal theory being promoted in this country to the effect that we need not worry about the Federal debt since we owe it to one another and that interest payments represent merely distribution of money within the country," says The First National Bank of Boston in its July 31 issue of "The New England Letter." "In consequence," says the bank, "the Government should, according to the advocates of this theory, embark upon a huge spending program after the war in order to sustain purchasing power and employment. On the surface," the bank observes, "this general theory sounds plausible but upon analysis it proves to be a pernicious and dangerous doctrine. Fundamental issues of deep concern to the future welfare of the country are involved. It is essential, therefore, that even while engaged in a life and death struggle, careful consideration should be given to the proposed spending program, for its adoption, as a general policy, would have far-reaching unfavorable consequences." Continuing, the bank says:

"The fallacy of this proposal rests on the assumption that this country is a collectivist society or one big family; that each shares from the common pool according to his needs. Idealistic as such a conception may appear in the abstract, it does not work in practice. This system was tried by the Plymouth Bay colonists more than 300 years ago, when all worked for a common storehouse. But actual famine stared them in the face as the colonists 'did not labor' and 'paralysis was affecting the settlement,' so that the experiment was abandoned. Each family was then given its own parcel of land upon which to raise food, and soon plenty followed. Wherever the New England experience has been duplicated, the same results occurred.

"Another important point overlooked or underestimated is the burden entailed by interest charges on mounting debt. This is gilded over by the proponents, who hold that the payment of interest does not represent a loss of purchasing power since it is merely the transfer of funds from one group to another. Carried to its logical conclusion, this would mean that it does not matter how large the tax tribute to the government so long as the money does not leave our borders. Therefore, we can increase the number on the Federal payroll to many more millions until it represents, we shall say, one-half of the total working force. The net result of such a system would be that each productive worker or business would be called upon to support two families, his own and that of the Federal worker. How much of the purchasing power of the country is diverted into government channels to be redistributed, is obviously of deep concern to all.

"The comparatively high living standards of our people have been made possible by the spirit and initiative of free enterprise and because governmental costs have not encroached upon the family budget. As a consequence of these conditions the average person in this country has had, in peacetime, command over several times as many goods as the average person in the rest of the world. But our favorable position after the war would be seriously impaired should taxes continue to absorb a substantial proportion of income. The higher the tax payments, the less there would be for food, clothing, shelter, and other items that make up the standard of living for the average individual."

The bank goes on to point out that "in order to obtain revenue, the Federal Government has invaded many tax fields originally belonging to State and local governments, and if this trend were accelerated by developments growing out of proposed Federal financing, the local communities would, in the course of time, find that they could not obtain adequate means to finance their regular activities. They would then become vassals of the Federal Government with the inevitable extension of bureaucratic control over all our social and economic activities, and self-government, as we have known it under the American system for the past 150 years, would cease to exist." The bank further warns:

"The advocates of this debt theory hold that after the war the Government should, as a general policy, pour several billions of dollars into the economy for public works and the like in order to sustain business activity. While in theory prodigious spending should provide a powerful stimulant and generate an upward movement, unfortunately it is counterbalanced by the fear of uncontrolled inflation and higher taxes. Thus while the Government steps on the accelerator, business puts on the brakes. Profligate spending casts the shadow of fear over the future but it militates against new undertakings and stifles the normal activity of productive agencies. Moreover, relief expenditures beyond those necessary to alleviate distress, impoverish the wealth-creating qualities of the population, discourage thrift, break down the spirit of enterprise and shift responsibility from the individual and local communities to the Federal Government. It is obvious that the Government cannot pay the bills of all groups and remain solvent.

"This new fiscal doctrine is contrary to the one that prevailed in this country for the first 140 years of the Republic. During this period the United States went into debt only in times of war, and when the conflict was over, determined efforts were made to liquidate outstanding obligations. This fundamental policy was laid down by Alexander Hamilton, the founder of our fiscal system, in his first report in 1790 as Secretary of the Treasury, when he stated:

"'Persuaded, as the Secretary is, that the proper funding of the present debt will render it a national blessing, yet he is so far from acceding to the position, in the latitude in which it is sometimes laid down, that "public debts are public benefits"—a position inviting to prodigality and liable to dangerous abuse. . . .'

"The adoption of the proposed type of financing as a general policy would open wide the floodgates for pressure groups to make raids on the Treasury. For the logical assumption is that if Federal spending creates purchasing power, then why place any restraints on its flow. If this theory is sound, then the more the Government spends the greater the national income. The same kind of financial theory in essence has been proclaimed many times in the world's history. But in each instance it has proved to be like a mirage on the desert and the final outcome was toil, sweat and tears.

"This does not mean that it may not be necessary for the Government during the transitional period to spend funds to help bridge the gap to normal business activity. Public money should be expended when there is an absolute need for such action. But this is far different from using the public debt as a general policy to increase purchasing power and as an instrument to redistribute wealth and income."

Urges Treasury Hold Taxes Over 80% Of Excess Profits Tax As Post-War Recovery Reserve

At the Senate Committee's hearing on the pending tax bill on July 29, Clinton Davidson, appearing in behalf of Fiduciary Counsel, Inc., of New York, urged that all taxes collected in excess of 80% of excess profits be held by the Treasury as a post-war recovery and reemployment reserve to be returned to corporations. In Associated Press accounts from Washington it was stated that Mr. Davidson told the Committee that a 90% excess profits tax would "cause corporations to die like flies in the post-war period." From the same advices we quote:

"The Treasury has recommended a 90% excess profits tax with a 10% post-war rebate but the House made the tax a flat 90% without any rebate provision.

"'A 90% tax without adequate reserve in the post-war period will spread depression and unemployment,' Mr. Davidson declared.

"He estimated that at least $1,000,000,000 a year should go into the proposed reserve.

"Mr. Davidson told the Committee that unless sufficient post-war employment were provided to bolster purchasing power there was likely to be a tremendous surplus of agricultural products.

"Mr. Davidson estimated that employment in the automobile industry, which now works 1,500,000 persons on war contracts, would slump to the pre-war level of 562,000 persons after hostilities cease. Senator Brown, Democrat, of Michigan, challenged that estimate, declaring he believed the post-war demand for automobiles would keep employment at a high level.

"Observing that he did not believe American free enterprise would survive another period of mass unemployment such as that in 1930 to 1934, Mr. Davidson declared:

"'Unemployment plus demobilization may equal demoralization.'"

Nathan E. Cowan, speaking for Philip Murray, President of the CIO, led a group of six CIO witnesses who recommended 100% taxation of all net incomes above $25,000. The Associated Press reported Mr. Cowan as saying that the House-approved bill had "failed miserably" to carry out the tax recommendations made by President Roosevelt in his 7-point program to control the cost of living. The press accounts added:

"He said that instead of raising only $6,271,200,000, the bill should raise $10,000,000,000 additional revenue—or at least the $8,700,000,000 recommended by the Treasury.

"He urged the Committee to seek $2,500,000,000 in added revenue by closing the 'loopholes' of tax-exempt securities and separate income returns, and by cutting of all incomes at the $25,000 level.

"'The bill utterly fails to carry out the principle of equality of sacrifice for victory, thus striking a serious blow at national unity and national morale,' he stated.

"He said the measure paved the way for a sales tax, which he charged was 'anti-labor' and 'anti-victory.'"

Special advices July 29 from Washington to the New York "Journal of Commerce" said:

"The statements of CIO President Philip Murray outlining the labor union's tax recommendations was followed up by statements from five other representatives of the CIO, all of whom presented their reasons for advocating the 6-point program of their chief.

"Other CIO witnesses who backed up Mr. Murray's 6-point program were Hoyt Haddock, legislative representative of the National Maritime Union; Reid Robinson, President of the CIO Mine, Steel and Smelter Workers; Russ Nixon, Washington representative of the United Electrical, Radio and Machine Workers of America, and Mrs. Julia Katz, who opposed a sales tax on the grounds that it would cause malnutrition among miners' families. Mrs. Katz represented the CIO women's auxiliary."

The 6-point program of Mr. Murray presented by Mr. Cowan, as given in the "Journal of Commerce" advices proposed that the program be based on the following principles:

"1. Raising at least the amount of revenue asked by the United States Treasury.

"2. Ability to pay.

"3. An end to loopholes that allow the wealthy to evade their duties to the nation, particularly the loopholes of tax exempt securities and separate tax returns.

"4. Stiff taxes on war profits and high incomes to a level at least of that proposed by the United States Treasury.

"5. A limit of $25,000 on personal incomes.

"6. No sales tax of any kind."

Roy Little of Providence, R. I., President of Atlantic Rayon Corp., on July 29 urged a stiff increase in levies on individuals. He advocated that a flat 50% tax on corporations be substituted for all other corporation taxes; to increase returns from individuals, he suggested a 10% withholding tax on wages, a 10% sales tax and a 20% tax at the source on dividends. This was indicated in the Associated Press advices, which said:

"Mr. Little complained that a House-approved provision to force all companies to pay taxes on a calendar instead of fiscal year basis would work extreme hardships on companies which had borrowed heavily to build war production facilities and now were faced with taxation under a new and higher schedule, retroactive as of last Jan. 1."

Likewise from the same accounts we quote:

"Howard Kellogg, President of Spencer Kellogg & Sons, Inc., of Buffalo, N. Y., said his company would be put in the position of having paid out $710,000 more than was available for dividends if the taxes in the new bill were made retroactive on it.

"Mr. Kellogg explained that since his company did business on the basis of a fiscal year ending in August, it had figured its taxes under the 1941 rates and had made its dividend payments. If it had to pay the new rates for all of the months from January through August, he said, its dividend payment would then be considered $710,000 too high."

In the New York "Journal of Commerce" advices from its Washington bureau it was stated that the corporation tax proposals submitted by Mr. Little would impose a maximum rate of 50% on corporation net income, impose a 20% withholding tax on all payments of dividends and interest, and levy a 95% rate upon "unjust increases in surplus." The account from the paper indicated, continued in part:

"Mr. Little pointed out that the Government would collect additional revenues from individuals if corporations were required to distribute unjust accumulations of surplus, which could consist of cash, prepaid expenses, securities of other corporations and other assets not necessary for the conduct of business.

"The plight of moderate sized corporations without huge surpluses was outlined to the Committee by Mr. Little as he pointed out that these organizations were unable to obtain credit even to carry out their part of the war program.

"With the profits of smaller corporations reduced by excess profits taxes and higher normal and surtax rates, Mr. Little pointed out, banks are unwilling to take even a 10% participation in a Government-secured loan which could be utilized for the expansion of war plant facilities.

"The changeover from Government advances to V-loans for war contractors has also added to the difficulties of small plants, since the V-loans in which banks may participate require interest payment from the war contractor, while the Government advances were not interest bearing, Mr. Little said.

"Senator George requested Treasury staff members who were present at the hearing to make a special note of Mr. Little's suggestion that a withholding tax could be simplified by deducting a levy on gross income and then computing individual income taxes on the balance of the individual's income.

"There has been considerable objection to the Treasury's withholding tax program because of the additional burden of records which would be placed on corporations."

Wabash Official Heard

"Arthur K. Atkinson, Vice-President of Wabash Railway, asked that present tax laws be amended so as to eliminate the stamp taxes on securities transferred during reorganizations in equity in the same way that they are eliminated on transfers resulting from reorganizations under bankruptcy laws."

Reference to the hearings on the tax bill appeared in our July 30 issue, page 364, 369 and 384.

FDR Signs Bill Allowing Government Wheat Sales

President Roosevelt signed on July 22 the $805,000,000 Agriculture Department appropriation bill for the 1943 fiscal year, which authorized the sale of Government-owned wheat for livestock feed and industrial uses at prices below parity. This bill had been deadlocked in Congress for more than two months due to differences over Government wheat sales and funds for the Farm Security Administration. Final settlement came on July 15, as was noted in these columns July 23, page 274.

In reporting the completion of action on the measure, the Associated Press on July 22 said:

"During the fight the House at first insisted on barring sales of wheat at prices below parity, or about $1.35 a bushel. But under White House opposition it finally gave way to a Senate proposal allowing the sale of up to 125,000,000 bushels of surplus wheat at 85% of corn parity, or about 83 cents a bushel.

"Signing of the bill cleared the way for movement of millions of bushels of this wheat from heavy producing areas into livestock feeding areas where it is needed to supplement corn and other feedstuffs.

"The sub-parity price puts the government in a position to sell some of the grain for processing into alcohol used in the manufacture of munitions and synthetic rubber.

"The measure carried funds for financing far-flung activities of the department, including its crop control, crop insurance, food stamp, research and market regulatory programs. The largest item was $450,000,000 for soil conservation payments to be distributed among farmers cooperating with crop adjustment programs.

"The bill, unlike that for the previous fiscal year, did not provide funds for parity payments. A year ago, $212,000,000 was provided.

"The bill carried $169,440,000 for farm tenant land purchase and rehabilitation programs of the FSA."

Federal Expenditures Cut By Congress

The Joint Committee on Reduction of Non-essential Federal Expenditures, in presenting its report to Congress on July 27, revealed that Congress made reductions of $1,313,983,208 in the 15 specified items which the group regarded as not absolutely essential during the war period. This total was more than the committee had recommended in its preliminary report to the President and Congress last December. At that time the group called for reducing expenditures in 1943 fiscal year appropriation bills by $1,301,075,000. Cash savings on 1943 appropriations were set at $1,183,983,208, and loan authorizations were reduced by $130,000,000. The committee had urged reductions of $1,131,075,000 and $170,000,000, respectively.

In submitting the report to the Senate, Senator Byrd (Dem., Va.), Chairman of the Joint Committee, asserted that the group "desires to emphasize that there is a great field still remaining for economies, both in non-military and so-called non-essential disbursements, as well as the opportunity to institute methods of greater efficiency and economy in the strictly war expenditures." He added that the Joint Committee intends to continue its investigation and make further reports extending the scope of its activities.

The following is from the committee's report:

"Of course the committee does not claim sole credit for these reductions. Some of the agencies themselves co-operated in bringing them about. The Budget Bureau has worked diligently in reducing non-essential expenditures and in paring down budget recommendations. Many members of Congress, as individuals and as members of committees, have made invaluable contributions. And, of course, Congress has been the final authority.

"The committee realizes that the possibilities for economies have been no more than scratched. On the basis of studies being made, it is apparent that further reductions should be made in Federal spending," the report said. "Although the committee recommended in its preliminary report that over $1,000,000,000 could be saved, it has since determined that there are many other necessary savings that can be effected without any interference with the war program. In normal times the amount recommended by the committee would be considered a substantial saving, but due to the tremendous war expenditures it is imperative that the committee continue its efforts to reduce non-essential Federal spending.

"Meanwhile, the committee is pleased with the fact that for the first time in years a beginning has been made for economy in non-essential Federal spending. The committee regards as a privilege its authority to study the problem and call at least some reduction possibilities to the attention of the public, the Congress and the executive branch of the Government.

"The committee notes especially the abolition by the Congress of the Civilian Conservation Corps. This was recommended by the committee, and it makes the first complete dismantling of a major depression agency. The CCC had spent $2,278,000,000 in 8½ years. This indicates a step toward a more prudent fiscal policy suitable to a nation at war.

"The committee believes that there is a great field for more efficient operation and probably great economy among Government corporations.

"Likewise, the committee intends to examine, further, practices and conditions in purchasing, classification, salaries, transportation, publicity and other overhead items of the various departments and agencies of the Government.

"The committee believes that there is need for more efficient administration and more effective controls among many, if not all, of the so-called permanent agencies of the Government.

"The committee believes that there is a growing need to examine closely the activities, practices, and expenditures of the so-called defense and war agencies. It is to be hoped that these agencies are approaching, at least, a leveling-off stage where efficiency and vigilance over practices properly may be demanded without interference with the maximum war effort. Heretofore, the committee has hesitated to call up these so-called war and defense agencies for minute examination because they were in the course of organization and because of the imperative nature of the business of most of them. However, it seems to be more and more evident that the time is approaching for the committee to change this policy.

"With the national debt standing today at approximately $80,000,000,000, with it increasing every day at a tremendous rate necessitated by the war and augmented still further by other expenditures, and with unexpended war balances totaling $160,000,000,000 there is in prospect a national debt of at least $200,000,000,000 by conservative estimates. This, of course, takes into consideration revenue which is meeting not more than 30% of expenditures this year.

"With such a fiscal future in view, the need for every possible economy in non-essentials is urgent. Therefore, the committee contemplates a vigorous continuation of all phases of its work for reduction of non-essential Federal expenditures."

With respect to the specific reductions, the committee said, according to the Associated Press:

"Abolishing the CCC and providing for its final liquidation produced a net saving of $238,960,000.

"Abolition of all non-defense functions of the National Youth Administration saved another $83,767,000. Items totaling $195,731,208 were lopped off the Department of Agriculture appropriation, the farm tenant program fund was cut by $2,270,000 and the appropriation for administrative expenses of the Farm Security Administration by $26,180,000.

"Appropriations for Federal highway projects were $50,300,000 below last year, and non-defense building construction was down $33,148,000.

"A total of $56,985,000 was saved on public works projects under supervision of the Interior Department.

"However, where the committee had recommended saving $27,835,000 by deferring river and harbor and flood control improvements, Congress voted $43,358,000 more than last year.

"In addition to the savings specifically indicated," the report said, "other substantial sums will be saved during the 1943 fiscal year, such as those resulting from the 10% reductions in travel appropriations made in some of the supply bills."

The Joint Committee's preliminary report recommending reductions was referred to in these columns Jan. 8, 1942, page 112.

Finn Consulates To Close

The Finnish Legation at Washington said on July 25 that the Helsinki government, in a note to the United States concerning the latter's request for the closing of all Finnish Consulates in this country, had expressed "astonishment" that this country "should without customary previous exchange of views bring about a step as far-reaching as the cessation of consular relations."

The legation's statement, according to the Associated Press, added, however, that in compliance with the request the Helsinki government had sent instructions to close the consulates, which would be done before the end of the month. The Associated Press added:

"The legation said that 'about a year ago, shortly after Communist Russia's renewed attack upon Finland, the Finnish government by a circular note dated July 17, 1941, and addressed to all the foreign missions in Helsinki, introduced centralizing rules to the effect that for the duration of the war communications between foreign consular officials and Finnish authorities had to go through the Ministry of Foreign Affairs. Consequently this measure did not prevent the activities of foreign consuls; it merely directed them to act through the ministry in the same way as diplomatic representatives. . . . The rule applied to all countries and consular representatives alike and has since been observed as far as the American Consular officials are concerned as in other similar cases. No objections against the rule were raised from any quarter at the time of its issuance or later.'"

The United States requested that the Finnish consulates be closed by Aug. 1; reported in these columns July 23, page 275.

Arms Output Triples That Of Last November

The over-all munitions production of the United States, including planes, ships, tanks, guns, ammunition and all campaign equipment, in June was almost triple the production of last November, the month before Pearl Harbor, Donald M. Nelson, Chairman of the War Production Board, recently revealed.

In a special war production report to the American people, as to how "the job of out-producing the Axis" is getting on, Mr. Nelson said that in the first six months of 1942 the volume of munitions was one-and-a-half times as great as all of 1941.

While declaring that "production is going well on the whole," the WPB chairman warned that "too much boasting about production progress is altogether premature. The biggest part of the job is still ahead. Serious raw material shortages are looming up ahead; many bottlenecks are being broken, but some new ones are forming."

In his preface to the report, Mr. Nelson further said:

"Government is working hard at these problems, yet the country must not get the impression that the battle of production is won and that we can now stand at ease. The battle will not be won until the war is over and any let-up in the feeling of urgency for faster, better production would mean years more of war and hundreds of thousand more lives."

Mr. Nelson's report follows, in part:

"In the seven months since Pearl Harbor, munitions production has increased almost three times. In the first six months of 1942 the volume of munitions was one and a half times as great as during all 12 months of 1941.

"Using November, 1941, as the base month and rating it 100, the index for over-all munitions output in June (preliminary) was 286. The index covers production of planes, ships, tanks, guns and ammunition, and all campaign equipment.

"The index series begins with 23 for July, 1940. By December—one year before Pearl Harbor—production, as measured by the index, had advanced to 50, more than double July volume. It took another eleven months for output to advance to 100 in November, 1941. After that, production expanded at a rapid rate—up to nearly 200 in March, sharply upward in April and somewhat less sharply in May and June.

Airplanes

"In June, 1939, only 224 military and commercial transport planes were built. Congress voted funds for 5,500 military planes and production was more than doubled by June, 1940, when 602 planes were turned out. In May, 1940, President Roosevelt asked for 50,000 planes. That was the beginning of our intensive war effort.

"One year ago, in June, 1941, plane production had more than doubled again—1,476. Production since that time has followed a strong upward trend. In September, the last month of 1941 in which totals were released for publication, 1,914 planes were made. In May plane production was nearly 4,000. Heavy tactical craft are now a larger proportion of output than previously.

"About three and a half times as many anti-aircraft guns were built in the first six months of 1942 as in all of 1941. Output, however, must still be increased greatly to overcome earlier lagging.

Tanks

"During the first six months of this year we built many more tanks, light and medium, than during all of last year. In May more than 1,500 tanks were built.

Merchant Ships

"Our shipyards during the first six months of this year delivered 133% more deadweight tonnage than during all of 1941. During June 66 large merchant vessels were delivered, raising the total up to July 1 to 228, compared with 103 vessels in all of 1941. Deadweight tonnage delivered during the first six months of 1942 totaled approximately 2,544,000.

Materials

"Although the output of steel, aluminum, magnesium, copper and other critical metals is increasing, American war industries are not getting all the materials they need. Shutting off these metals from less essential civilian goods has helped ease the problem of supply, and it has been possible in some types of war production to use alternates—plastics and wood for metals, ferrous metal for scarce non-ferrous metals.

Cost

"All this program has cost money in volume never before expended. As of the end of June, the authorized United States financed program for war spending reached approximately $170,000,000,000—just about double national income in 1929. On June 30, bills pending in Congress, or passed and unsigned by the President, brought the total financial program to about $223,000,000,000. Contracts and other commitments for about $118,000,000,000 had been made between June, 1940, and the end of May, 1942. As of the end of June, $35,000,000,000 had been paid out for goods delivered and services rendered.

"In June the rate of expenditure had climbed to $158,600,000 a day paid out by the Treasury and the Reconstruction Finance Corporation. In November, 1941, the month before Pearl Harbor, spending had been only about two-fifths that rate—$67,000,000 a day.

"This tremendous building up of the military establishment has meant that a larger and larger proportion of the national product has been devoted to war. In 1939 only 2% of the national income went into military channels. In 1940 this had risen to 4%—14% during 1941—about 36% in the first half of this year.

"Military expenditures, however, have forced a steadily rising national income: $70,800,000,000 in 1939; $77,300,000,000 in 1940; $94,700,000,000 in 1941; this year it will exceed $110,000,000,000."

Extend U. S.-Russia Pact

The United States and Russia on July 31 agreed to extend for another year the commercial agreement of 1937 which would have expired on August 2, said Associated Press advices from Washington on July 31, which reported the extension of the agreement as follows:

"Soviet Ambassador Maxim Litvinoff called on Secretary of State Hull today to exchange notes extending for another year the Soviet-American commercial agreement of 1937.

"The identical notes provide that the agreement, which would have expired August 2, shall remain in force until August 6, 1943 and thereafter, unless superseded by a more comprehensive commercial agreement.

"State Department officials noted that while the character and amount of United States trade with the Soviet Union during the coming year would be governed largely by military requirements rather than commercial considerations, the exchange of notes assures continued recognition of the principles involved in the 1937 act.

"These include the principle of most-favored-nation treatment in all matters concerning customs duties and other charges and formalities imposed on foreign trade."

The commercial pact between Russia and the United States has been renewed annually since it was originally signed on Aug. 6, 1937 and was given in the Aug. 14, 1937 issue of the "Chronicle" on page 1030.

U. S.-Brazil Trade Pact

An agreement under which the United States will buy major quantities of six Brazilian products was announced in Associated Press advices from Rio de Janeiro on Aug. 1. These advices said:

"U. S. Ambasador Jefferson Caffery estimated producers in the South American republic would receive $32,490,000 in the first year.

"The products listed were cotton linters and hull fibres, castor beans and oil, babassu oil and kernels, burlap, ipecac and rotenone.

"The agreements, reached late yesterday, were announced in a statement issued by Ambassador Caffery as he left with commercial attache Walter J. Donnelly for a two-week trip to the United States.

"Terms announced were:

"Babassu—Four year agreement for purchase of an unlimited quantity of the nuts and oil during the first two years and up to 100,000 metric tons during each of the next two years.

"Castor—The U. S. will purchase a mininmum of 200,000 long tons of beans or the oil equivalent during the fiscal year 1942-43.

"Cotton linters—The U. S. will buy up to 50,000 metric tons of second-cut linters, up to 8,000 tons first-cut linters and up to 10,000 tons hull fibre between Aug. 1 this year and July 31, 1943.

"Burlap—The U. S. will buy by Dec. 31, 1943, up to 50,000,000 yards of burlap made in Brazil; during the second year of the agreement, Caffery said, 'it is anticipated as much as 100,000,000 yards of burlap may be sold to the United States.'

"Rotenone—During a four-year period the United States will buy at favorable prices up to 4,000,000 pounds annually of this product, which is used in insecticides.

"Ipecac — During the next 18 months the United States and the British government will buy up to 150 metric tons of this medicinal herb."

Bar NLRB From Plants With Secret War Work

A company engaged in secret war production is within its rights in denying a National Labor Relations agent access to its plant, according to a ruling at Dallas, Texas, on July 29, by Federal Judge T. Whitfield Davidson. The decision, said the Associated Press accounts from Dallas, was handed down in an action brought by the American Manufacturing Co. of Fort Worth, which had asked a declaratory judgment of its legal rights with respect to War and Navy Department contracts of a highly secret nature and a request of NLRB agent Ralph Clifford to seek information regarding the plant. From the Associated Press Dallas advices July 29, we also take the following regarding the ruling:

"Named as defendants were the NLRB and the International Association of Machinists (AFL).

"Judge Davidson also ruled that the company could deny access to its plants to solicitors for any purpose, either organization or otherwise and that the defendants may not either by persuasion or threats cause an employe engaged in the service of a war plant to leave that service to engage in the service of another war plant.

"'The court realizes,' the Judge said in his opinion, 'that it has gone further than any court has gone and it may be necessary for a higher court to pass on this question.'

"The opinion held that by law the NLRB had a right to go into the affairs of a corporation with respect to its treatment of labor, but that in the exercise of that right it would be subordinated to military secrets entrusted to war contractors.

"The company contended that to lay bare its books and contracts to inspection by NLRB would be violative of its contracts with the Government.

"Judge Davidson held that these Army and Navy contracts restricted the company from divulging information about them, and that it was within its rights in withholding such information from the NLRB unless there was specific authority from the Army and Navy permitting inspection.

"Judge Davidson instructed L. N. D. Wells, Jr., attorney for the NLRB, and Richard Simon, Fort Worth attorney representing the company, to prepare the judgment which will be signed in court tomorrow. Joseph A. Padway, who represented the Machinists Union and who is general counsel for the AFL, said the court's ruling had no effect on labor program of activities.

"The NLRB offered no rebuttal to testimony but moved for dismissal on the ground there was nothing before the court to act upon. Mr. Wells said the Board had issued no complaint against the company, but that Dr. Erwin A. Elliott, regional administrator who sat through the trial, had written letters to the company regarding a discussion of reported anti-unionism and that later Mr. Clifford was denied any information or entrance to the plant.

"Judge Davidson, in his opinion gave the NLRB full authority to collect information outside the plant pursuant to the Wagner Act."

To Pay Rio de Janeiro 6½s

City of Rio de Janeiro (Federal District of the United States of Brazil) has remitted funds to White, Weld & Co. and Brown Brothers Harriman & Co., special agents, for its 6½% external sinking fund bonds due Feb. 1, 1953, for payment of the Feb. 1, 1940 interest coupons at the rate of 13.975% of their dollar face amount. From the announcement we also quote:

"Bondholders will receive payment upon presentation of their coupons beginning Aug. 1 at the New York offices of the special agents, at the rate of $4.541875 per $32.50 coupon, in full satisfaction, according to the notice to bondholders. Unpaid coupons maturing Aug. 1, 1931 to Feb. 1, 1934 must remain attached to the bonds for future adjustment under the decree.

"This payment is being made in accordance with the provisions of Presidential Decree 23829 dated Feb. 5, 1934, of the United States of Brazil, as re-enacted and modified March 8, 1940 by Decree Law 2085.

Treasury Agents Active In Law Enforcement

Treasury Law Enforcement agencies have been mobilized into a many-sided offensive against the enemies of the United Nations, and at the same time have occupied the front lines of defense at home, Elmer L. Irey, coordinator of the investigative groups, told Secretary Morgenthau on Aug. 1 in a 1942 fiscal year review. The Treasury Department in indicating this said:

"Energies of the highly trained Treasury officers have been directed into such lines as bringing hidden, Axis-owned fortunes under Treasury control to prevent their use for subversive purposes; closing of the borders to outward passage of suspected enemy agents and of strategic materials and information that might fall into Axis hands; and the combatting of counterfeiting, smuggling, narcotics, alcohol and income tax violations directly or indirectly menacing the war effort.

"Functions of censorship, supervision of enemy aliens and property, and protection of port facilities, public officials, and important visitors, have been carried out by Treasury officers in cooperation with other Government agencies."

With respect to the activities of various agencies, the Treasury's announcement further said:

"With the Secret Service campaign of education making the passing of 'funny money' increasingly hazardous, the loss to victims of counterfeit bills during 1942 fiscal year dropped to a new low of $47,882, compared with $91,000 the previous year.

"The low figure is 93% less than the 1933-36 average prior to the inauguration of the Crime Prevention campaign. The Secret Service 'Know Your Money' film was shown to some 7,500,000 persons during the year, and its study material was incorporated in numerous school textbooks and other publications.

"The Secret Service made 1,886 arrests during the latest fiscal year, of which 118 were for making or passing counterfeit bills, 200 for making or passing counterfeit coins, 1,171 for forging Government checks, and 397 for other offenses. The previous year saw 2,949 arrests. Nearly 98% of cases tried during the year resulted in convictions.

"The Customs men enforced censorship regulations on communications moving outside the mails, to prevent passage through the ports and borders of information valuable to the enemy.

"The strict control of merchant shipping necessitated by the war greatly increased the enforcement responsibilities of the Customs relating to movement of vessels in United States ports.

"Seizures of all kinds of smuggled commodities totalled 9,200 dring the fiscal year. There were 3,100 seizures of smuggled liquor. Both these items were larger than in the previous year. Narcotics seizures dropped to 600, from 789 in the 1941 fiscal period.

"The number of stills seized (by officers of the Alcoholic Tax Unit) was 11,369, a decrease of about 4% from the previous year. However, operations were on a much smaller scale per still, and mash seizures dropped more than 20%, and arrests more than 22%.

"Special agents of the Intelligence Unit of the Bureau of Internal Revenue obtained indictment of 113 individuals, including prominent business and professional men as well as racketeers, for evasion of income and other taxes. The year also saw 113 prosecutions in this category, of which 111 convictions were obtained, and fines totalling $135,000 were assessed in addition to prison sentences. Nearly $38,000,000 in additional taxes and penalties were recommended in cases investigated. Miscellaneous charges involved 49 other individuals."

Rampant Food Prices Show Inflation Trend

Price Administrator Leon Henderson said on July 25 that cost-of-living figures for the May 15-June 15 period, the first full month of operations under the General Maximum Price Regulation, showed that government controls of prices and rents, where they are in effect, are "doing a good job of holding down prices" but that uncontrolled food prices are "showing a definite inflationary tendency."

Commenting on the cost-of-living report issued by the Department of Labor, Mr. Henderson said:

"The figures speak for themselves—and speak a language all of us can understand.

"The part of the cost-of-living index subject to control declined. The part not subject to control advanced.

"The foods and the other goods under price ceilings either stayed steady or declined.

"The foods not subject to OPA controls showed sharp, and in some cases inflationary, price rises."

Citing some examples, the Price Administrator declared:

"The price of uncontrolled lamb, for example, went up more than 10% between the middle of May and the middle of June, a much larger increase than has occurred in any similar period over the last 20 years. Roasting chickens, which usually decline in price at this time of year, went up nearly 9%.

"The price of controlled beef, veal, and pork, declined.

"The price of apples, uncontrolled, rose 25% in this single month and this important fruit is now selling at prices more than 50% above those charged last March.

"The price of bananas, which is controlled, declined 12½%.

"Canned fruit and vegetable prices under OPA ceilings either remained steady or declined.

"Grapefruit juice, not controlled, rose more than 4% and fresh grapefruit went up 21%.

"Here is the price picture on other uncontrolled items: Oranges, up 15%; potatoes and sweet potatoes, up 9%; cabbage up 15%, and carrots up 4½%.

"Solely due to these and other similar increases, the total cost of food to city families advanced by 1.3% between May 15 and June 15, continuing the steady upward price trends of the previous fourteen months and offsetting the benefits of price control in all other foodstuffs covered by the general regulation.

"And this is not all. These uncontrolled food price rises were principally responsible for a fractional increase in the cost-of-living index as a whole."

Mr. Henderson added that the "reductions in rents that have resulted from OPA regulation in the cities included in the Department of Labor studies are remarkable. They mean real, hard cash saved for millions of tenants." The Labor Department's release on living costs issued July 24 was given in these columns July 30, page 362.

WPB, Military Board Align Priority Power

Donald M. Nelson, Chairman of the War Production Board, and Robert P. Patterson, James V. Forrestal and Ferdinand Eberstadt, who constitute the Army and Navy Munitions Board, announced on July 29 the realignment of the operations and interrelations of the two boards and their staffs for the purpose of speeding up the work and eliminating any possible duplication in dealing with war production. It is announced that the new alignment was worked out by the Army and Navy Munitions Board, Mr. Nelson and J. S. Knowlson, Vice-Chairman on Program Determination of WPB, at a conference attended also by Lt.-Gen. Brehon Somervell, Commanding General, Service of Supply, U. S. Army, and Rear-Admiral S. M. Robinson, Director of Material and Procurement, U. S. Navy. The announcement continued:

"Under the arrangement the ANMB continues as the primary military body for reconciling and presenting to the WPB the Army and Navy supply requirements. Acting in this capacity the ANMB is the 'advocate' for the allocation and priority needs of the military program. The ANMB will continue to exercise the responsibility for granting priorities to the Military Services and their contractors, subject to the directives of the WPB. A plan for the rigid control of all priorities and a system of 'priority accounting,' is under consideration.

"In order to eliminate duplication and clear decisions promptly the ANMB has agreed to designate representatives of the Armed Services with the concurrence of WPB to work with the appropriate WPB committees, divisions, branches and sections. This will be of particular importance in strengthening the materials and industry branches of WPB, where the miltary representatives will parallel the representatives of the indirect military, essential civilian, foreign and maritime requirements. This is one phase of Mr. Nelson's plan to increase the effectiveness of the material and industry branches.

"Another step in the same direction now being taken is the increase in the importance of the Industry Advisory Committees which are attached to each branch. These committees will be made up of representative industrialists. They will advise the branch heads on the production problems of their industry and will take a major responsibility for getting out war production at a maximum rate.

"The definition of functions thus jointly announced shows in what ways the WPB and ANMB are complementary agencies working together in close association, rather than rival organizations operating in the same area as competitors. Thus, while the ANMB discharges certain duties defined by agreement between the Army and the Navy, it discharges other duties on delegation from, and request by, the WPB, and reports to the President through the Chairman of the WPB."

Taft & Byrd Propose Plan To Curb Inflation

According to the Associated Press accounts from Washington July 30, Senator Robert A. Taft (R., Ohio) suggested a five-point program to the Senate on that day to ward off inflation, and Senator Harry F. Byrd (D., Va.) urged over-all control of prices, including agricultural products and wages. The program of Senator Taft, it was stated in Associated Press advices in the Philadelphia "Inquirer" called for:

"1. Sale of Treasury bonds 'almost entirely to corporations and individuals instead of to the commercial banks.'

"2. Revision of the farm price floor to 100% of parity.

"3. Adoption of a bill by Senator Joseph H. Ball (R., Minn.) to give the War Labor Board control of wages and salaries, with a provision that the Board should not increase wages more than provided in the recent Little Steel decision.

"4. Creation of a commodity control board, with administrators for each industry, such as food, rubber, steel and oil.

"5. Gradually adapt the price control measures to the stabilization theory instead of the ceiling theory, and eliminate price fixing on all minor items which have no substantial effect on the cost of living."

"Senator Byrd, who spoke before Mr. Taft, declared according to the same advices that "it is very evident that our fight against inflation has reached a critical phase. The price control bill did not provide for the stabilization of wages," Byrd said. "No price control can be effective which eliminates the largest single element of cost."

Report 360% Rise In Naval Shipbuilding

The House Naval Affairs Committee, in a progress summation of the Navy's construction program, reports a 360% increase in naval ship construction over a year ago and development of an air arm "which will provide the United States with the strongest offensive force in naval history." The committee said that American industry was sending vessels down the ways far sooner than expected and that its ingenuity was turning out "improved models of all types" of planes.

The following relating to the report was contained in Associated Press Washington advices of July 23:

The report declared that the Midway Island and Coral Sea engagements "demonstrated that aviation constitutes the determining factor in such conflicts."

It also said that the Navy, "with full realization of the efficiency of multiengine land planes for patrols in certain areas," was using them for antisubmarine warfare "with outstanding success," and added that the first of those squadrons "accounted for not less than five Axis submarines."

The report said that 3,230 naval ships, in the classifications of combatant and auxiliary ships and patrol and mine craft, were building as of June 30, 1942, as compared with 697 a year ago. In a breakdown of the scheduled program for ship completion during the fiscal year of 1941 the committee said that 60 combatant vessels were actually completed as compared with 48 expected.

Ten auxiliaries were completed as compared with nine predicted, and 143 patrol craft as compared with 133. Only construction of mine and district craft fell short of the goal, with 280 completed as compared with a schedule of 394.

So sharp has been the speed-up in ship construction that the time for completing a battleship had been cut from the pre-emergency average of 42 months to 36 months; aircraft carriers from 45 months to 17.3 months; heavy cruisers from 36.4 to 22.7; light cruisers, 38.8 to 22.3; destroyers, 27.2 to 11.6, and submarines, 21.2 to 11.5.

The report presented also a table giving the number of aircraft of all types added to the service in five years. In 1938 there were 729; in 1939, 270; 1940, 328; 1941, 2,067, and in 1942, 4,895.

Uphold Right To Attach Gold In Rumania Bank

Gold in the National Bank of Rumania, removed from Poland hours in advance of invading Nazis in the fall of 1939, may be attached by an American corporation, the New York Court of Appeals ruled at Albany, N. Y., on July 29, according to the Associated Press accounts from Albany which said:

"By unanimous vote, the State's highest tribunal granted the appeal of Polish Relief Ltd. for enforcement of an attachment writ against $4,000,000 in National Bank of Rumania funds on deposit in New York City with the Irving Trust Company, the National City Bank and the Chase National Bank.

"There was no opinion.

"Kings County Supreme Court and Appellate Division decisions affirmed the right of the Polish organization, incorporated in this country, to the money, although attorneys for the Rumanian bank argued that President Roosevelt had 'frozen' the funds beyond reach of New York State courts.

"The President has 'frozen' funds of foreign firms as their countries were occupied by German troops.

"In October, 1939, the court was told, the Bank of Poland delivered 51 cases of gold bars—worth $3,060,704—to the National Bank of Rumania in Bucharest.

"Six months later the bank transferred the money to the Polish Food Commission, which had been incorporated in this country.

"Polish right to the money was then transferred in December, 1940, to Polish Relief Ltd., which obtained the writ against the three New York City banks in Kings County. The Appellate Division affirmed the writ Dec. 8, 1941."

War Time Demand For Meat Causes Shortage

In a radio talk on July 31, discussing the record production and record demand for meats, Claude R. Wickard, Secretary of Agriculture, stated in summing up: "We don't have a meat famine or anything like one, but at least for the next two months we will be on shorter meat rations than we have been recently." "But," he added, "we do have enough meat and other protein foods to keep American families well nourished." Mr. Wickard continued:

"By the end of September things will be easier, but we still will have to be careful in the way we use our civilian meat supplies. In the year starting next October meat production will be even larger than for this year—maybe 10 or 15% larger. But Army and lend-lease needs will be increasing too. The chances are that the civilian supply of meats will not be so large as it was in a plentiful year like 1941. On the other hand, unless there is a great increase in demand, I think we can expect to have as much meat for civilians as we had in one of the average recent years—1938, for example.

"As long as this war lasts, it is likely that those of us on the home front will run into tight spots for some particular kinds of meats, or of other foods. Some will be seasonal, some may last longer. However, from all present indications, the total food supply will be ample. Our boys in the armed forces are the best fed in the world. You and I, producer and consumer, are going to make any sacrifices necessary to keep them the best fed of all."

Earlier in his broadcast during the National Farm and Home Hour on July 31, Secretary Wickard said that "the great wartime demand for meat is the main reason for the local tight spots in supply." He added that "during the first half of this year the Agricultural Marketing Administration bought over 825,000,000 pounds of pork, nearly all of it for lend-lease. We bought some beef for lend-lease, too, but not nearly so much. The Army and Navy are buying large amounts of meat, mostly beef." He noted also that "housewives have more dollars to spend for meat than ever before" and that, he said, "is creating a great new demand for meats, and making present supplies seem shorter than they would otherwise." Indicating that the tight spots for meat will last until about the end of September, "when heavy new lots of hogs and cattle will start coming to market," Mr. Wickard said, "we will have a fourth more hogs than ever before, and a large number of cattle, too. But until the time they start coming to market the pinch on meats will continue in some degree."

Mr. Wickard called attention to several ways "of making the pinch easier, viz.:

"You probably have heard of three steps the Department of Agriculture is taking. First, we are temporarily reducing purchases of meat for lend-lease. That will make more available for home consumption. Second, we are going blow the OPA ceilings for the lend-lease purchases which still are being made, and we are lowering the lend-lease prices more in the West than in the East. This will accomplish two things—make things easier for the packers who are supplying the *domestic* market, and tend to draw more of the meat supply East, where the situation is tightest. Third, we have offered to make agreements with packers who may be in difficulties, so that they can process meats for the Government on a contract basis. This will not make the total supply any larger, but it will keep some processors in business and in readiness to help handle this fall's record slaughter."

The Secretary's 3-point program to relieve the meat shortage was referred to in our July 30 issue, page 367.

See US-Brazil Ties In The Post-War Period

The military and economic ties now being established between the United States and Brazil are of such fundamental character that their effects should extend far into the post-war period, according to the Division of Industrial Economics of the Conference Board. In indicating this on Aug. 2 the Board pointed out that numerous technical missions have been sent from the United States to Brazil to aid in the prompt development of the output of important materials, including rubber and many minerals—and, also equally important, to aid in the development of the transportation facilities to carry them. Planned projects have been backed up by loan after loan, earmarked for the purchase of machinery and equipment, it adds. The Board continues:

"The effects of the rapid economic development which is now occuring in Brazil will, to a large extent, be of a permanent character. Cut off from usual European and Asiatic markets and sources of finished goods, Brazil, aided by the United States, is diversifying her agriculture and rapidly creating industries to supply many domestic needs. She should emerge from the war period with a better balanced economy, stronger industrially and less dependent upon foreign countries both as a buyer and supplier.

"The United States has been Brazil's best customer for over half a century. In 1939, this country took more than 36% of Brazil's exports and in 1941 almost 57%. For the years immediately preceding World War II, Germany was Brazil's second best customer, with the United Kingdom in third place. Exports to Latin America rose from about 7% in 1939 to 15% in 1941, while those to Continental Europe declined from over 36% to less than 5% in the same period. In regard to Brazil's imports, the United States supplied almost 34% in 1939, and more than 60% in 1942.

"In 1940, Brazil was our best customer in Latin America, taking 2.8% of our total exports. In that year she and Cuba were the two leading Latin American sources of United States imports, each supplying 4.0% of the total. The United States generally has an import balance in trade with Brazil. This import balance showed an increase in the first quarter of 1942, reflecting increased purchases from Brazil.

"Brazil's mineral production has multipled eight times in the last decade. Although her mineral resources are not fully explored, known deposits include iron, manganese, bauxite, chromium, zirconium, molybdenum, beryllium, titanium, nickel, tungsten, lead, copper, zinc, mercury, asbestos, graphite, mica, coal, magnesite, platinum, gold, quartz, crystals, diamonds (both clear and black), and a variety of precious stones. We are importing many of these minerals for war production purposes, the more important being manganese, industrial diamonds, quartz crystals, mica and iron ore.

"Brazil's industrial expansion dates from the time of World War I. Industrial output more than doubled between 1914 and 1918 when it increased in value from 1,400,000 contos to 3,000,000 contos.

"Favored by depreciating currency, rising costs for imported goods, exchange restrictions and protective tariffs, industrial development made rapid progress after 1931. The present war has also benefited Brazilian industries using domestic raw materials, although they have experienced difficulty in securing machinery and equipment from abroad."

Give To Greater N.Y. Fund

A total of $65,480 has been contributed to date by credit, loan and finance companies to the Greater New York Fund's current campaign. This has been reported to Douglas P. Falconer, executive director of the Fund, by William E. Thompson, President of the Personal Finance Co. and chairman of the credit and loan section of the Fund and by Arthur O. Dietz, President of Commercial Investment Trust, Inc. and chairman of the finance company section. Mr. Thompson reported that credit and loan companies had given $38,708 of which $38,365 was from firms and $343 from employee groups. Mr. Dietz's report showed that finance companies had contributed $26,772 of which $21,831 came from firms and $4,941 from employee groups. "The campaign still is under way" said Mr. Falconer, "and I am sure that, when the books close on Dec. 31, even these splendid figures will be bettered."

Campaign To Make Price Control Work

Concerned over the danger of a runaway price inflation, and the injury to the war effort and the national economy from such a development, American retailers have organized for a nation-wide drive during August to rally the fullest retail store and consuming public support for the Government's Maximum Price Regulations, it was made known on July 28 by Lew Hahn, General Manager of the National Retail Dry Goods Association. Designating the campaign "August for Compliance," the month is intended to serve as an intensive period of education and stimulation to "make price control work" by rallying all retailers, large and small, to the support of the Price Control program, according to the announcement. Notified of the campaign, Dr. Merle Fainsod, Director of the Retail Trade and Services Division of OPA has telegraphed and written his approval. In his letter Dr. Fainsod said the Office of Price Administration agrees with the observation that "nothing short of 100% compliance by retailers, large and small, in all lines, will achieve the objective of our price control program, and help us avoid the perils of inflation." Dr. Fainsod said:

"On our part, we wish to report that we are preparing new informative material such as simplified digests of Regulations and a series of complete guides for various kinds of stores."

He added: "Your efforts will supplement and reinforce ours, and I feel confident will enable us to achieve that full degree of compliance which is essential to preserve our national economy under wartime conditions."

Pointing out that these price regulations are in no way a reflection on retailers, the Association has stressed, in recent special bulletins to member stores and retail secretaries throughout the country that "they spring from a recognition that the circumstances of our war effort have had a profoundly disturbing influence on our normal economy, and that retailers, and all business, are up against forces which they cannot control and which, left completely unshackled, would lead to the great disaster of a huge inflation." It is so obviously in the interests of retailers, and the entire population, that price control should be made to operate effectively, says Mr. Hahn, that "stores really have no more important job than cooperating to the limit to insure that it shall work."

Before announcing "August for Compliance" the plan was presented to a meeting of some 17 national retail associations under the auspices of the American Retail Federation. Approval of the idea was general, it is announced, and it is expected that practically all of these associations will support the effort. In some instances the representatives of the associations present needed time to canvas the idea and make plans. In the case of the Institute of Distribution, John Nichols, its General Manager, stated that the Institute would cooperate fully. Incident to its drive August to promote community-wide compliance with the requirements of the Maximum Price Regulations of OPA, the NRDG Association has issued a booklet on Price Control. It consists of 22 pertinent questions and answers concerning the reasons for and the requirements of the Price Regulations.

US And Canada Report Record Arms Output

The Joint War Production Committee of the United States and Canada reports that the annual rate of munitions production in this country for the second quarter of 1942 was nearly four times that of 1941, and that Canadian production in the second quarter was almost three times the 1941 rate.

In its first report to President Roosevelt and Prime Minister W. L. Mackenzie King, covering the first half-year of its coordinating activities, the Joint Committee said that even greater increases are called for under future production schedules of the two countries, especially in the United States where production got under way at a later date than in Canada.

The Committee report pointed out how duplication in production had been greatly eliminated: exchange of designs and information about production methods stimulated; standardization of specifications increased; transportation facilities diverted to essential war work and tariff barriers to effective integration of production facilities eliminated.

In its report, the group said:

"When the President of the United States approved the Committee's original statement of policy he contrasted Hitler's method of invasion and conquest with the North American method of co-ordination through democratic processes and friendly consent. The Committee is confident that these processes of friendly cooperation have in only a few months yielded results impossible in Hitler's Europe, although much progress is still to be made."

(The statement of policy referred to above appeared in our issue of Jan. 1, 1942, page 32.)

As to some specific instances of coordination, the United Press said:

"The report said arrangements have been made for concentration on one type of airplane propeller in the United States and on another type in Canada.

"In another instance, Canada was saved the expense of plant expansion to produce a critical chemical because the United States was able to contribute adequate supplies from its own plants.

"Canada shipped 500,000 each of shell bodies, fuses and tracers for a certain type of gun to the United States during a period when Canadian supply was running ahead of schedule. The shells were loaded and now are being used by United States troops.

"Reciprocally, the United States shipped 150,000 body castings for a certain type shell, with the result that Canadian plants were able to load and ship finished rounds on schedule, the Committee said."

Ill.-Wis. District Leads War Bond Sale

For the third consecutive month the Illinois-Wisconsin district has maintained a substantial lead over the other 11 Federal Home Loan Bank districts in the number of savings, building and loan associations having sold War Bonds equal to 5% or more of their assets, it is reported by A. R. Gardner, President of the Federal Home Loan Bank of Chicago, which serves the district. He recalled that the honor roll published by the Federal Home Loan Bank Review includes all institutions with 5% or more bond sales, and said that two-thirds of the associations in these two States which appeared on the first honor roll two months ago have doubled their sale of bonds since then. It is further stated:

"The latest honor roll published in the current Review is for June 1, and showed 83 out of 401 institutions located in Illinois and Wisconsin. Twenty-seven were added to the list in this district in the 30 days since the previous honor roll was published, Mr. Gardner said, and more than twice as many institutions here as in any of the other districts have now sold bonds equal to 10% of their assets.

"Twenty-nine of the associations in this district are in the 10% or over group, and 13 of them moved up one 5% notch or more in the last month. These 29 constitute between a third and a fourth of all the '10%' thrift and home financing institutions in the country."

One out of every five of the Chicago bank's member savings, building and loan associations is now on the honor roll, Mr. Gardner said, and in addition, three of its larger members have sold more than a half a million dollars, and one of them, the Talman Federal Savings and Loan Association of Chicago, more than $1,000,000 of War bonds.

Says 12% Of Nation's Arms Output To Allies

The Office of War Information revealed on July 29 that "somewhat less" than 12% of the country's total munitions output is being transferred to the United Nations under lend-lease arrangements but that the proportion of planes and tanks sent to them is "much higher."

Regarding this announcement, the Associated Press said:

"It is obvious that our Allies have not received from us as much as they need to do the job," the OWI conceded. "Whether we have sent them as much as we should have sent is a question involving the highest problems of global strategy."

"The OWI said, however, that cash purchases by foreign governments had brought the total war shipments to a figure higher than 12%, but it did not tell the figure.

"The report was in the form of a 'press memo' intended, the OWI said, to amplify and supplement recent reports having the general theme that 'our lease-lend policy is on the verge of failure.'

"The OWI said it was 'perfectly true' that lease-lend transfers of weapons to the Allies constituted a relatively small proportion of the total munitions production, but added that many military items were not needed as sorely by the Allies as by the United States' own armed forces.

"Although figures here are obviously a military secret, it can be said that in the things our Allies need most, in particular tanks and planes, the proportion of our production which is being shipped to them is much higher than the over-all average," the statement declared.

A full picture of lease-lend aid cannot be obtained without taking into consideration shipments of industrial and agricultural items which "are as important to fighting the war as planes and guns," the OWI stated.

"Up to June 30 this country sent abroad $818,000,000 worth of machinery, metals, oil and other industrial materials, and $841,000,000 worth of agricultural products, it was stated. In addition, such services as repairing Allied warships and cargo crafts, the ferrying of planes and the supplying of shipping space are valued at $596,000,000 since the start of the lease-lend program.

The OWI said that lease-lend "started off very slowly, but it has been accelerating fast."

Plan Concentration Of Civil Industries

The War Production Board has approved the principle of concentration of industries engaged in the manufacture of civilian goods, Donald M. Nelson, WPB Chairman, recently announced. This policy, in line with wartime practice in Great Britain and Germany, is designed to concentrate essential civilian industries in certain plants and regions to ease the strain placed on the civilian industry by the war effort.

In furtherance of this plan, Mr. Nelson announced that two of his experts—Dr. Arthur R. Burns, chief of the civilian planning branch of the Office of Civilian Supply, and Henry A. Dinegar, chief of concentration for the same office—are now in England to make an intensive study of industrial concentration.

Indicating that England's civilian economy has been "cut down to the absolute bone," Mr. Nelson said: "Britain adopted the principle of concentration of industry early in 1941 and, at that time, had reached a stage which the United States has now reached."

Predicting, by indirection, a number of drastic wartime economic restrictions for this country, Mr. Nelson said of Britain, according to the Associated Press.

"The production of even the small quotas of a long list of goods which have been permitted in the past will be stopped altogether. In place of quotas for truly essential goods, the British government will issue licenses for specific amounts of essential goods and thereby will cut the civilian economy down to the absolute bone."

Mr. Nelson pointed out that of 6,578 plants which normally supplied England's civilian needs, about 75% had been converted to war work and 25% have been permitted to carry on civilian production.

Honor Medal to Bulkeley

President Roosevelt presented the Congressional Medal of Honor on Aug. 4 to Lieutenant Commander John D. Bulkeley, of New York for his daring exploits as commander of a motor torpedo boat squadron for four months in Philippine waters, Associated Press advices from Washington, on Aug. 4, had the following to say about the presentation:

"The medal was presented to Lieut. Bulkeley in the President's office at the White House. The citation read as follows:

"'For extraordinary heroism, distinguished service and conspicuous gallantry above and beyond the call of duty, as commander of Motor Torpedo Squadron 3, in Philippine waters during the period Dec. 7, 1941, to April 10, 1942. The remarkable achievement of Lieut. Bulkeley's command in damaging or destroying a notable number of Japanese enemy planes, surface combatant and merchant ships, and in dispersing landing parties and land based enemy forces during the four months and eight days of operation without benefit of repairs, overhaul or maintenance facilities for his squadron, is believed to be without precedent in this type of warfare. His dynamic forcefulness and daring in offensive action, his brilliantly planned and skillfully executed attacks, supplemented by a unique resourcefulness and ingenuity, characterize him as an outstanding leader of men and a gallant and intrepid seaman. These qualities coupled with a complete disregard for his own personal safety reflect great credit upon him and the naval service.'"

WPB Studies Mileage Curb To Save Tires

The War Production Board was reported on Aug. 4 to be considering a speedometer checking plan to "ration mileage" to save rubber, as an alternative to nationwide gasoline rationing said an Associated Press advice from Washington which added:

"Officials who would not permit use of their names said the 'mileage rationing' proposal before the WPB called for the registration of every automobile and the allocation of a specified number of miles to each through 'certificates of necessity' issued to drivers.

"The WPB held its weekly session today and Chairman Donald M. Nelson said, as he entered the session, that the board had before it an alternative plan as a substitute for country-wide rationing of motor fuel. When the meeting broke up, however, Mr. Nelson reported merely that 'a decision will be made shortly on a savings in transportation.'

"It was indicated that the 'mileage-rationing' proposal said to be before the board did not call for abandonment of the present gasoline rationing in the East. The east coast's rationing is caused by the shortage of petroleum shipping facilities; the other plan is viewed solely as a tire-saving measure and would apply to all the country except the East.

"Each driver, it was said, would be allotted a certain basic mileage for 'family use,' with additional mileage allowed on the basis of vocational need. At intervals speedometers would be checked to determine whether the mileage had been exceeded.

OPA officials made it plain, however, that they still considered gasoline rationing on a nationwide basis to be the only foolproof method of keeping all nonessential rubber-borne vehicles off the road until sufficient synthetic rubber comes in to provide tires for civilians.

"This official said OPA estimates showed there would be only 6,500 miles of driving on the average on the nation's tires by Oct. 1. There were 10,000 miles on the average tire at the start of the year, according to this authority.

"This mileage cannot drop lower than 4,000, he said, because that is the minimum at which recapping is possible, but the 4,000-mile danger point will be reached by March or April, 1943, unless driving is curtailed."

Federal Taxation Of Municipal Opposed

Opposition to the proposed Federal taxation of income from State and municipal bonds was voiced before the Senate Finance Committee on Aug. 3 by Mayor LaGuardia of New York, who at the same time urged that Congress provide post-war tax rebates for individuals and businesses. The Mayor headed a group of State and city officials which included Mayor Edward J. Jeffries, of Detroit, all of whom appeared at the Senate Committee's hearing on the pending tax bill. Mayor LaGuardia told the Committee that he was "fearful" of what might happen to the nation's economy after the war if individuals and business firms were not permitted to build up reserves for expenditure in that period. In disapproving the Treasury proposal to tax income from future issues of local bonds, Mayor LaGuardia, according to the Associated Press, said "that that could only mean that municipalities would have to pay higher interest, and thus would be forced to raise the taxes on property owners." He is further quoted as saying that "if these securities are taxed, the taxpayers of the cities pay for it, not the rich guys these youngsters from the Treasury Department say." The Associated Press further indicated as follows what Mayor LaGuardia had to say:

"'Gentlemen there is not a city in this country that is not skating on very thin financial ice.

"'Every cent of Federal taxes imposed on these bonds will be reflected in increased interest we pay on these bonds and that in turn will be reflected in increased taxes on real estate which is already overburdened.'

"Turning to another aspect of the bill, Mayor LaGuardia recommended that the Committee consider the question of amending a House-approved payroll collection tax to make it a withholding levy of which one-fourth would be returned to individuals after the war.

"The House voted to impose a levy of 5%, less personal exemptions, on the income from wages, interest and dividends, beginning Jan. 1, the collections to apply on 1943 income tax liabilities. The rate would advance to 10% in 1944.

"Mr. LaGuardia said the 5% rate might be increased by 1% or possibly a little more and arrangements made to give non-negotiable, non-interest bearing certificates to the taxpayers for one-fourth of the amount collected. He suggested that these certificates be made payable a year or eighteen months after the war ended.

"The taxes imposed by the pending bill, he said, would make it practically impossible for ordinary citizens to purchase any appreciable amount of government bonds.

"'We must pay for the war, of course, but we must be thinking of what is going to happen after the war,' he said.

"Expressing the belief that small businesses would be seriously damaged by the war economy, Mayor LaGuardia said some provision also might be made for creation of a reserve for them out of taxes paid.

"'There will not be many small manufacturers or shops if the war continues for three or four years,' the Mayor testified.

"When Mayor LaGuardia had concluded his testimony, Chairman Walter E. George, Democrat, of Georgia, said he agreed 100% with Mr. LaGuardia's statement of the need for the establishment of post-war reserves by individuals and corporations.

"'We must raise the money to pay for the war but we can't destroy the future,' Senator George added.

"Mayor Jeffries said the taxation of local bonds would be 'like picking on a cripple.' He said municipal officials were 'scared to death' of the Treasury proposal and believed it involved a plan gradually to 'squeeze' municipalities out of business.

"Mayor Jeffries complained that Detroit and other cities already had lost revenue through tax exemption of government orders in plants that formerly contributed heavily to local revenues.

"Henry Epstein, Solicitor General of New York, flatly described the proposal to tax bond issues as 'wicked.' He argued that there 'cannot be the slightest pretext on the part of the Treasury that substantial revenue can be expected from this source for at least a generation,' and added: 'Democracy . . . cannot be governed exclusively from Washington. Democracy must have a local habitat. Local government cannot exist without fiscal independence, and that is what the Treasury is trying to destroy.'

"Laurence Arnold Tanzer, representing the Commerce and Industry Association of New York, Inc., formerly the Merchants Association of New York, advocated a 5% retail sales tax which would be non-deductible from income tax returns.

"Mr. Tanzer protested that the House-approved 5% withholding levy on wages, interest and dividends was 'perhaps the most burdensome and impractical plan that has ever been seriously proposed by any responsible public official.' He said it would require 8,000 to 10,000 additional Treasury employees and would place a heavy burden on 2,500,000 employers who would be charged with collections from payrolls.

"Leland Powers, of Boston, representing Associated Industries of Massachusetts, said there was danger that the House-approved tax bill would limit or destroy production."

"Gas" Ration Plan For Entire Country Proposed

Joel Dean, in charge of the gasoline rationing program under the Office of Price Administration, on July 29 recommended nation-wide gas rationing.

Mr. Dean agreed that there was "no doubt" that nation-wide gas rationing would tend to relieve the existing East Coast shortage by making possible diversion of tank cars and trucks from unrationed areas. The only difficulty, he added, might be transportation "bottlenecks" in traffic gateways to the East.

Officials of the Office of Petroleum Coordinator added that it was not the present intention to order rationing nationally, since the need was not apparent. They added that the reason for including western New York in the program was that it constituted an important terminal for pipe lines, rail and barge routes.

Petroleum Coordinator Harold L. Ickes on July 30 stated that nation-wide rationing was not necessary at present to increase Eastern seaboard deliveries.

Gas Price Cut To Old Level

Leon Henderson, Price Administrator, on Aug. 1 announced that retail gasoline prices on the Eastern seaboard would be reduced 2½ cents a gallon, effective on Aug. 5.

Simultaneously, a reduction of 9/10ths of a cent on kerosene, 1.1 cents on light heating oils and 15 cents a barrel on residual fuel oils became effective.

This action wipes out a gasoline-price increase which the OPA established on June 29 in an effort partially to compensate oil companies for increased costs of transporting petroleum products to the East Coast.

The price cuts will be effective in Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia, Georgia, the District of Columbia, Florida east of the Apalachicola River and the City of Bristol, Tenn.

To Build Up Fuel Oil Stocks—Deliveries Halted

The War Production Board on July 29 ordered the stoppage, between Aug. 3 and Sept. 15, of all deliveries of fuel oil to consumers in the Eastern States for the operation of heating and cooling equipment.

At the same time, the WPB directed that all the fuel oil to which a person is entitled for use in hot water heaters during the same period may be delivered in one trip, instead of several trips as heretofore. *The quantity delivered, however, may not exceed 50% of the amount used during the period Aug. 3 to Sept. 15, 1941.*

The halt to deliveries of oil for heating and cooling does not apply to fuel oil used for agricultural or industrial processes or for research operations requiring temperature controls.

If the amount of oil used for hot water heaters last year was abnormally high or low, or if no oil at all was used, then the supplier may deliver no more than 50% of the amount that would normally be used this year between Aug. 3 and Sept. 15.

This action was taken at the request of the Office of Petroleum Coordinator in order to build up reserve stocks for next winter's needs, the WPB said.

Pay On Porto Alegre 7s

Ladenburg, Thalmann & Co., as special agent, on Aug. 1 notified holders of City of Porto Alegre (United States of Brazil) 40-Year 7% Sinking Fund Gold Bonds, External Loan of 1928, that funds have been deposited with them, 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 Feb. 1, 1940, amounting to $4.89⅛ for each $35 coupon and $2.44 9/16 for each $17.50 coupon. The notice added:

"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 Feb. 1, 1932 to Feb. 1, 1934 inclusive, but they should be retained for future adjustment."

Henderson Forsees Inflation Vanquished

Price Administrator Leon Henderson, in submitting to Congress on July 27 his first quarterly report on the operations of the Office of Price Administration, expressed confidence that President Roosevelt's program to keep the cost of living down will prevail and that the "battle against inflation will be decisively won."

The report, required by the Emergency Price Control Act of 1942, is in the form of a 237-page book accompanied by charts of price movements.

In a letter of transmittal to Vice-President Wallace and Speaker of the House Rayburn, Mr. Henderson states:

"It is an obvious point and one that has been labored, but I wish to make it again: The President's program against inflation will succeed only as its every element is made fully effective. Without price control the other elements cannot be put into play, and only as the other elements are made effective can we count on continuing to hold the lines on prices.

"Hesitation on any of the major fronts imperils the entire campaign. It has been a difficult task to hold ceiling prices in the face of each group to take its battle station until assured that other groups were taking theirs. The story of price control under these difficulties is necessarily reserved for the next of these reports.

"Fortunately in recent weeks recognition has grown that this is a major theatre of the war. The initial hesitation to follow the President's lead on the economic front is disappearing under the spreading awareness of the facts with which he must deal.

"Therefore it is with confidence that the President's program will prevail and that the battle against inflation will be decisively won that I submit to the Congress this opening chapter of the story of American price control in the second World War."

The following summary of the report itself was contained in Washington advices July 27 to the Baltimore "Sun":

"The report traces the early part played by the price stabilization division of the National Defense Advisory Commission and the President's executive order of April 11, 1941, establishing the Office of Price Administration. It also recalls that the new agency's first basic action was to control steel, one of the most basic war materials.

"Likewise, it is noted that on July 30, 1941, the President sent a message to Congress emphasizing the need for legislative action on the price front.

"The ensuing fall and part of the winter, the report says, saw the extension of price controls while Congress weighed the matter of legislation. By Dec. 1, nearly 40% of the wholesale price structure was under either formal or informal control. On the other hand uncontrolled prices continued to rise.

"From February to December, 1941, retail prices of foods, clothing and household furnishing rose by 15% in spite of these facts, however, the report says, 'in general the operations of the Office were cause for satisfaction.' There seemed little reason to doubt that once the emergency price control bill was passed the danger of inflation could be headed off.

"That was before Pearl Harbor, the report points out. Since then the enormous armament production meant a drastic curtailment in civilian goods plus a civilian purchasing power swollen beyond all previous conceptions.

"'Here were explosive forces which, if not checked, could and would wreck the price structure. The turning point had arrived. Control of retail price structures no longer could be avoided.'

"The 'simple arithmetic' of inflation, the report added, was that potential consumer spending stood at $86,000,000,000 while there were less than $69,000,000,000 of civilian goods and services. The difference of $17,000,000,000 inevitably would be converted into higher prices and still higher incomes unless it was controlled.

"In the face of this situation, it was noted, it was clear that selective price control had to yield to a general ceiling over all the elements of the cost of living. Against this background the general maximum price control regulation and rent controls were issued by the OPA on April 28.

"On the question of rents, the report cities the 'direct and immediate' effect on wages and on war production itself of the increasing rents.

"The report also carried an account of current price control as compared with controls during the first World War."

New Rules On Deferments Given To Draft Boards

Local draft boards were recently given a new set of rules by Selective Service headquarters at Washington, which authorize the drafting of men heretofore deferred because they supported dependents. For the guidance of local boards, Maj.-Gen. Lewis B. Hershey, Selective Service Director, created seven categories of order of call in accordance with the policy laid down by Congress in June—that of protecting bonafide family relationships as long as possible.

The seven classifications are:

"(1) Single men with no dependents;

"(2) Single men with dependents but not contributing to the war effort;

"(3) Single men with dependents, and who contribute to the war effort;

"(4) Married men, not engaged in the war effort, but living with their wives;

"(5) Married men, engaged in the war effort, and living with their wives;

"6) Married men, not engaged in the war effort, living with wife and children, or children only;

"(7) Married men, engaged in the war effort, and living with wife and children, or children only."

The following is a list of 34 essential activities, compiled by the War Manpower Commission, for which deferment may be granted:

"Production of aircraft and parts; ships, boats and parts; ordnance and accessories; ammunition; agriculture; food processing; forestry, logging and lumbering; construction; coal mining; metal mining; non-metallic mining and processing and quarrying; smelting, refining and rolling metals; production of metal shapes and forgings; finishing of metal products; production of industrial and agricultural equipment; machinery; chemicals and allied products; rubber products; leather products; textiles; apparel; stone, clay and glass products; petroleum, natural-gas and petroleum and coal products; transportation equipment; transportation services; materials for packing and shipping products; communications equipment; communications services; heating, power and illuminating services; repair and handtrade services (blacksmithing, armature rewinding, electrical and bicycle repair, automobile repair, harness and leather repair, clock repair, tool repair and sharpening); health and welfare services; educational services; governmental services."

An important step in the drafting of many men with dependents was provided for recently in the passage by Congress of the Service Men's Dependents Allowance Act. Under this act which provides allowances for wives, children and dependent relatives of men in the lower grades of the service, the government and the man himself contribute certain amounts. The Adjutant General's office in Washington began receiving applications for allowances this week. Under present plans, the first payment will be made Nov. 1, 1942, but may be retroactive, at the request of the soldier or his dependents, to June 1.

Another development in plans for continuing expansion of the Army came recently with the declaration by Secretary of War Stimson that he believed it would be necessary ultimately to draft youths of 18 and 19 years of age. This age group, although already registered, is not subject to induction under present law until they are 20. Secretary Stimson said:

"We have never had a great war yet in which we did not have to call up those classes. I think we may have to call up the 18-year-olds, but young men of that age need not alter their plans for the near future, that is, the next few months."

However, President Roosevelt has declared that present plans do not call for asking Congress to amend the Selective Service Act in order to make these youths eligible for military service.

Legislation to authorize permanent universal military training of American youth is now being studied by Representative Wadsworth (Rep., N. Y.), an author of the Selective Service Act, and War Department officials and may be ready for introduction in Congress by January.

NAM Campaign To Outline Post-War Plan

An educational campaign to stimulate consideration of post-war problems by management was launched on August 3 by the National Association of Manufacturers. Eight thousand members of the Association were called upon by President William P. Witherow:

"First to take practical steps at the present time which will bring us out of the war in a sound and strong position, able to carry on under private enterprise the number one job of industry—which is production, and

"Second, to outline our own framework for the pattern of American society in the post-war world."

As a preliminary step in this direction, a brochure containing procedural suggestions for self-analysis by individual manufacturers accompanied Mr. Witherow's message, as to which he said:

"This is not a report on NAM's post-war considerations. Our major Committee on Post-War Problems, headed by S. Bayard Colgate, has been studying the subject for a year and will continue to do so for the duration. However, I consider this an essential, constructive step in the right direction to stimulate thoughtful study today of this huge problem of reorientation when the war is finally won.

"We know that there are those who would like nothing better than to use the war and post-war readjustment period to remold our society in a collectivist or state socialist form. We cannot combat this threat negatively. We must have and publicly promote a concrete and constructive post-war program."

Reciting the broad objectives of post-war study, the brochure queries manufacturers on the issues of (1) general policy, (2) financial policy, (3) personnel, (4) products and markets, and (5) sales and distribution, under each heading asking that members indicate for their own information whether or not the stated policy is "desirable for the company," "being done." or "not practicable."

The NAM president declared that "over 66% of the American people are extremely interested in what industry is doing to prepare for after the war, and I feel we can confidently say that among industrialists the figure is closer to 100%." He added:

"After all, it would be a complete disaster to win some sort of military victory and in the process lose those free institutions for which we are fighting. Avoidance of this disaster is the objective of the NAM Committee on Post-War Problems, and the enclosed booklet representing the work of its 'Practical Program for Industry' Subcommittee, is a practical step toward the achievement of that objective.

"It is the obligation of each industrialist to do all that he can to prepare now—in his company—for the post-war period. I urge you to read the Committee suggestions very carefully, and take such action in connection with them as may be indicated by the problems and current situation of your company. Each point in this practical program has been set up in this booklet with a check list, which is for your convenience in relating the program to your own operations. It is definitely not a questionnaire, but something for the internal use of your own company."

Price Rule Violators Subject To Suit

Warning that retailers who violate the General Maximum Price Regulation Order could be sued for a minimum of $50 damages by their customers after July 31, was given on July 25 by Leon Henderson, Federal Price Administrator. Similar action, he indicated, may be begun after that date by tenants in defense-rental areas against landlords who do not observe the regulations of the Office of Price Administration regarding rents, Mr. Henderson was reported as stating at the same time. His statement was made in announcing that a program of enforcement of the General Maximum Price Regulation Act is about to be undertaken "in areas where its educational activities have reached a majority of retailers." This was made known in Washington advices July 25 to the New York "Times," which went on to say:

"Asked whether New York City was considered such an area, officials of OPA said they were not prepared to name the cities in which the drive will be started.

"Saying that the public, as well as honest storekeepers, must be protected against 'deliberate chiseling and penny profiteering,' Mr. Henderson stated that three months had passed since the price regulation order was issued, and in that time the OPA had conducted widespread educational campaigns to bring to retailers and others a thorough understanding of the regulation, the reasons for its issuance and what it required in the way of compliance.

"He added that after July 31 housewives and other members of the buying public acquired the legal right to bring civil suits for a minimum of $50 (or treble the amount of the overcharge, whichever is greater), plus attorney's fees and costs, against any storekeeper who charged them more for an article than the OPA regulations allowed.

"In addition, under the Emergency Price Control Act of 1942, violators of the Price Administrator's orders and regulations face criminal prosecution with a maximum penalty of a $5,000 fine and a year's imprisonment or both; civil injunction suits and actions to revoke the seller's retail license.

"As far as consumers' suits are concerned, Mr. Henderson said, OPA intended to intervene formally in treble damage actions whenever it was necessary to do so to see to it that the remedy was used in a manner consistent with the public interest.

* * *

"Only consumers have the right to bring such actions, and the suits must be started within one year after the goods are delivered, or, in the case of rents, within a year after the rent is paid.

"Coincident with Mr. Henderson's announcement came an amendment to the price regulation order expressly prohibiting the use of several layers of price lists, one piled on top of another, in retail stores.

"The amendment specifies that the 'maximum price of each commodity offered for sale shall be plainly visible to the purchaser at the place in the business establishment where the commodity is offered for sale, and shall not be obscured by the posted prices of other commodities, whether by the use of price books or catalogues or layers of price lists or otherwise, or in any other manner.'"

Oppose Income Tax Provision In Bill

Opposition to the provision in the pending tax bill which would terminate the exclusion from gross income, for the purpose of taxation, of earned income of non-resident citizens from sources without the United States was voiced on July 31 by the Commerce and Industry Association of New York, Inc., under orders of the Association's Executive Committee. The provision is in the Federal Revenue Bill of 1942, passed by the House of Representatives on July 20 and now before the Senate Finance Committee. In expressing its disapproval of the proposed repeal, the Association believes that the present law should be maintained in order to allow American exporters to compete with nationals of other countries. "This exemption has been included in the income tax law for many years, it being felt that since income derived in a foreign country will be subject to tax laws of the country where domiciled double taxation should be avoided by exempting such income from the tax laws of the United States," said W. H. Mahoney, Manager of the Association's Foreign Trade Bureau. Mr. Mahoney added:

"For many years the Association went on record in favor of making taxable only gross income from sources within the United States. The Association has pointed out that it is impossible for foreign branches of American export houses to compete with nationals of other countries if the income of individuals derived abroad is subject to United States taxation. It is hoped that this provision will be removed from the pending bill."

Laurence Arnold Tanzer, Chairman of the Association's Committee on Taxation and Public Revenue, will include a protest of this change when he discusses various phases of the Federal Revenue Revision Act before the Senate Finance Committee in Washington.

Payment On Danish Bonds

Henrik Kauffmann, Danish Minister to the United States, issued the following statement in Washington on July 31, for the information of bondholders:

"For the purpose of paying Aug. 1, 1942 coupons of Kingdom of Denmark 5½% external loan gold bonds, due Aug. 1, 1955, and Danish Consolidated Municipal Loan 25-year 5% external gold bonds, due Feb. 1, 1953, I propose to put the particular paying-agents in funds so far as it is estimated to be necessary to make coupon payments to holders, other than residents of Denmark, of bonds of these two issues.

"Aug. 1, 1942 coupon payments will be subject to such licenses as may be granted to paying-agents by the United States Treasury."

National Fertilizer Association Commodity Price Index Unchanged

Continuing some steadiness which has characterized commodity markets since the imposition of the General Maximum Price Regulation, the weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on August 3, remained unchanged last week. In the week ended August 1, 1942, this index stood at 129.3 of the 1935-1939 average, the same as in the preceding week. A month ago it registered 127.1, and a year ago, 113.3. The association's report continued as follows:

Although there were fractional declines in several industrial groups as well as in the farm products group, an advance in the foods group was enough to hold the general index to the same level as it was in the preceding week. Due principally to higher meat prices, the food index continued its upward trend, with eight items included in the group advancing and only one declining. In the farm products group increases in livestock and grains were fractionally offset by a marked decline in cotton quotations. The textiles group average declined slightly; wool was higher, but the effect of this advance on the group average was more than offset by other declines. Other groups showing small declines were building materials, because of lower quotations for linseed oil; and miscellaneous commodities, due to lower prices for feedstuffs.

During the week 15 price series included in the index advanced and 11 declined; in the preceding week there were 16 declines and 15 advances; in the second preceding week there were 11 declines and 10 advances.

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

% Each Group Bears to the Total Index	Group	Latest Week Aug. 1 1942	Preceding Week July 25 1942	Month Ago June 20 1942	Year Ago Aug. 2 1941
25.3	Foods	128.3	127.6	125.1	107.8
	Fats and Oils	139.6	139.1	137.3	117.5
	Cottonseed Oil	160.7	159.6	158.4	133.4
23.0	Farm Products	136.9	137.1	134.5	114.7
	Cotton	176.8	181.2	179.1	150.0
	Grains	111.9	111.4	113.8	97.9
	Livestock	135.9	135.4	131.0	111.9
17.3	Fuels	125.4	125.4	119.7	110.4
10.8	Miscellaneous commodities	127.0	127.5	127.8	121.6
8.2	Textiles	147.2	147.8	147.5	139.3
7.1	Metals	104.4	104.4	104.4	103.9
6.1	Building materials	151.5	151.6	151.6	118.5
1.3	Chemicals and drugs	120.7	120.7	120.7	105.7
.3	Fertilizer materials	117.9	117.9	117.7	112.3
.3	Fertilizers	115.3	115.3	115.3	106.4
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	129.3	129.3	127.1	113.3

*Indexes on 1926-1928 base were: Aug. 1, 1942, 100.7; July 25, 100.7; Aug. 2, 1941, 88.3.

Steel Production Shows Slight Decline—New Priority Ratings Crowded—Mill Needs Cut

After throbbing along for eight war months at an astonishing speed, despite maladjustments, the United States armament producing machine is encountering sharp turns, states "The Iron Age" in its issue of today (Aug. 6). Overshadowing all recent developments, from the standpoint of the metal producing and consuming industries, is the wavering of the materials distribution setup, which has been out of balance ever since the war began, continues this publication, which further goes on to say in part:

"The number of complaints from war plants that report they are on the verge of shutting down has been increasing in the past few weeks. The trend toward centralized scheduling, the approval of thee limination of overtime, and the extending of delivery dates on lend-lease orders are among recent moves designed to bolster the production picture. Perhaps even the warrant system may be installed eventually as a priority measure.

"The exact amount of steel which will be needed in the last half of this year for Army, Navy and lend-lease accounts is unknown at the moment, but it will be less than the astonishingly high figure which was computed a few weeks ago in Washington. Lend-lease delivery dates have been pushed back, instead of outright cancellation of the orders, thereby reducing the requirements of each mill by about 20% for this month and until further notice. The curtailment was largely in semi-finished steel, with most of the finished steel scheduled to be shipped as originally planned.

"The best figure available at Washington on the extent of inventories of steel is 16,000,000 tons, in plants of all types over the nation. Much of this material is not usable. Checking into the matter, authorities have been amazed at the large size of the stocks held by some small companies. It is a mystery how some of the firms ever obtained the steel.

"The electric furnace alloy steel situation is rapidly growing tighter and tighter, and more recognition of substitute alloy steels such as the National Emergency grades will be forced upon military authorities. In order to obtain good scrap for electric units, open hearths are tied up refining unknown quality scrap. One company has melted in open hearths up to 16,000 tons per month just to test the analysis for electric furnaces. This saves junking the electric furnace heats in the event they should be found insufficient or too high in alloy content to meet fixed restrictions. Scrap has been hauled long distances just to get good quality for electric furnaces."

The American Iron and Steel Institute on Aug. 3 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 96.5% of capacity for the week beginning Aug. 3, compared with 97.0% one week ago, 97.7% one month ago, and 96.3% one year ago. This represents a decrease of 0.5 point or 0.5% from the preceding week. The operating rate for the week beginning Aug. 3 is equivalent to 1,639,200 tons of steel ingots and castings, compared to 1,647,700 tons one week ago, 1,659,600 tons one month ago, and 1,591,100 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Aug. 3 stated in part: "Rerating of steel orders, to place most essential needs under the new higher designations, is at such a rate that order departments find difficulty in keeping pace. The full range of new ratings is represented in new or reclassified orders, from AAA to A-1-a, the latter being accepted but no delivery promise being made.

"Bar deliveries, both carbon and alloy, are further deferred and producers find difficulty promising definitely on even highest ratings. Shipments of National Emergency steels are not sufficiently large to take the place of higher alloys and the alloy situation is difficult.

"Full allocation of plates continues to distribute available tonnage equitably and supply all essential users. Completion of new shipways is adding to total plate requirements for shipbuilding. A large plate tonnage is being fabricated outside yards for deck equipment and other units.

"Fabricated structural steel is active and deliveries in June, 178,790 tons, for the first time this year exceeded bookings, 176,359 tons. Orders booked during first half were slightly larger than in the corresponding months last year. June bookings were the smallest since December and probably reflect the ban put on construction for other than war purposes.

"Simultaneous repair requirements cut off a number of open hearths last week and production was reduced in five districts, small advances in five others not being sufficient to balance.

"Currently, supply of scrap is no more than steelmaking requirements and in some instances falls short of full capacity. Practically no reserves are being laid down."

From Washington

(Continued from First Page)

subject of Messrs. Donald Nelson and Somervell. It is more comprehensible. It doesn't deal with the "global" strategy about which we hear so much. It is just a plain fight, as we understand it, between two big men.

The score, so far in the Washington newspaper headlines — incidentally all from editors who would think of nothing else than to win the war, not even the selling of their papers—is that Nelson is one up on Somervell. We seem not to have scored against the Axis but Nelson has scored against Somervell.

We read these headlines and we say to important people: "Well, we see where Donald Nelson has scored over Somervell."

We say that by way of showing that we read the newspapers and are informed. Then invariably we are told: "Don't go overboard on that, my friend. Somervell is never licked."

That is, of course, a fine state of affairs, indeed. Not only are we writers confronted with switching around on the question of a Second Front, but here is the plainly put question of whether we should not switch around on the question of Nelson versus Somervell.

There would seem to be no doubt that the American people have got to have a victory. If it can't be against the Japs or Hitler, then a victory between Nelson and Somervell, and this writer, wanting to be with a winner so badly that he can taste it, would like to pick a winner this time.

But frankly, even the issues here are confused for us. As we have it presented, Somervell wants to get charge of all war production and Nelson insists that he should have the veto power over it. Furthermore, the picture is that Donald has a mind for some civilian production, while Somervell, being just a military man, thinks not of civilian production.

It's funny to have the situation presented to us in this way. And off-hand, you would say, well, there ought to be somebody to watch out for civilian production and not let the military gob it all up.

It so happens that we don't think this way. We are unable to see where Nelson has shown very much interest in favor of civilian production. It is a fact that his War Production Board has operated in a state of agitation where every time some young reporter found an industry that had not been converted to war, he let out a howl. But then Donald's WPB, instead of seeking to explain about a balanced program, usually converted that particular industry post-haste.

The complaint on Capitol Hill—as a matter of fact, it explains much of the restlessness in the legislative body—has been that no one in Washington was paying any attention to civilian production. There are influential and thinking men up there who think strongly that increased civilian production would be the greatest deterrent against inflation.

It may be that Donald has at heart always thought highly of civilian production, but the ruthlessness with which plants have been closed down doesn't prove it. Maybe also, he has been a staunch defender against the military's grabbing up everything in sight, but the record doesn't prove it. Nothwithstanding that he is a military man, Sovervell has had plenty of experience in civilian administration, and the thing that mostly impresses us about him now is, that in all the agitation, he hasn't been feeding any stuff to the newspapermen that he had "won out" over Nelson, that there was a conflict between them. Indeed, he has had nothing to say, which has caused him to take a back seat in the headlines, but which has made us wonder if he shouldn't come to the front in the end.

Price Fixing, Costs Reduce Profit Margins

(Continued from First Page)

dition to increased rates, labor costs have risen as a result of greater turnover, the reduced efficiency of new workers and more overtime payment. There were, however, also reports of improved efficiency as labor became better trained. Raw material shortages affected costs because of interruptions in production schedules requiring the shifting of workers from one line to another; temporary shutdowns in some departments; inability to run long jobs and the necessity of frequent setups; the loss of the benefit of quantity extras, and the higher cost of substitutes. While a few supply situations have improved, the general experience is that shortages have become more acute. This trend is expected to continue.

"An outstanding effect of the price order has been a fairly general decline in profit margins. Decreases are noted in about 70% of the reports; approximately 30% observe no important change, and in only one case has improvement been reported. Not all the declines, however, are attributable to the price order. In the paper industry, for example, new orders and production have fallen off considerably and unit overhead costs have consequently risen. Production in certain other industries has also been downward. Further declines in margins are expected in the future if the present system of control remains. Losses in certain products are currently being incurred and may result in the abandoning of certain lines. In some other instances, subsidies may be required if selling prices cannot be raised. Many executives, however, are opposed to the principle of subsidies. Stabilization of all cost items is preferred. Where selling prices in March were based on low-cost inventories previously acquired, hardships will be encountered when higher-cost stocks must be used. For companies in the highest tax brackets, most of the increase in costs is borne by the Treasury; profits after taxes are much less adversely affected than total taxable income.

"No lessening in demands for increased wages as a result of the price order has been observed by the large majority of executives and the future trend of wage rates is expected to continue upward unless placed under control. The decisions of the War Labor Board with respect to the demands made upon the 'Little Steel' companies and automobile producers are expected to have a marked influence upon wages in other industries."

Introduce N. J. Canal Bill

A bill authorizing the appropriation of $100,000,000 for the construction of a ship canal across New Jersey, linking the Delaware River and New York bay, was introduced on July 16 in Congress by Representative Sutphin of New Jersey and Senator Davis of Pennsylvania at the request of the Atlantic Deeper Waterways Association of Philadelphia. The Association, pointing out that "Congress having passed as a war emergency measure the Florida Barge Canal and Pipe Line bill to carry petroleum from the Texas oil fields along the inland waterways of the Gulf of Mexico to the Atlantic Intra-Coastal Waterway at Jacksonville, the appropriation therefore being $93,000,000," adds that "the occasion seemed propitious for the introduction of a similar emergency bill to complete the Atlantic Intra-Coastal Waterway from Florida to New England (where oil is so badly needed at the present time) by the construction of the New York Bay-Delaware River section, the 'mising link' in the entire chain of inland waterways from Boston to Corpus Christi."

The Association which has long led the fight for the construction of the canal, contends that "if the Atlantic Intra-Coastal Waterway had been completed and the 'missing link' had been provided, the people of the Atlantic seaboard and throughout the country, need not now have been concerned about the scarcity of oil *for munition industries; nor for transportation facilities; nor for domestic necessities; nor the menace of a heatless winter.*" The bill would provide funds for the construction of a 15-foot channel between Bordentown, N. J., and Sayreville, N. J., to complete the Florida-New York inland waterway system.

The measure, it is stated, was drafted by J. Hampton Moore, President of the Waterways Association and former Mayor of Philadelphia.

Up Govt. Workers' Pay

It was announced on Aug 3 that President Roosevelt had signed a bill raising the pay of 150,000 government employees in the lower brackets. The bill was sent to the White House after its adoption by the Senate on July 27.

Stating that the bill increases the salaries of about 86,000 government custodial workers, including charwomen, uniformed guards and mechanics, a Washington dispatch Aug. 3 to the New York "Times" said:

"It adds about $15,768,000 to the annual cost of the government.

"The main effect of the new law will be to:

"1. Establish a $1,200 minimum for all full-time adult workers in lieu of the present minima of $1,020 and $1,080.

"2. Increase the hourly rate of part-time charwomen from 50 to 55 cents, and for head charwomen from 55 to 60 cents.

"3. Establish a $1,500 minimum for building guards in lieu of the present minimum of $1,200.

"4. Establish a $1,860 minimum for journeyman mechanics in lieu of the present minimum of $1,680.

"5. Establish a top entrance salary of $9,000 in lieu of the present top entrance salary of $8,000 under the classification act."

The Bureau of the Budget, it is said, favored the enactment of the measure.

Moody's Bond Prices And Bond Yield Averages

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

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

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
Aug. 4	117.90	106.92	116.61	113.31	108.16	91.77	96.07	111.44	114.27
3	118.03	106.92	116.61	113.31	108.16	91.77	95.92	111.44	114.27
1	118.10	106.92	116.61	113.31	108.16	91.77	96.07	111.44	114.27
July 13	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
30	118.12	106.92	116.61	113.50	108.16	91.91	96.07	111.44	114.46
29	118.13	106.92	116.61	113.31	108.16	91.91	96.07	111.44	114.27
28	118.16	106.92	116.61	113.31	108.16	91.77	95.92	111.44	114.27
27	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.44	114.27
25	118.22	106.92	116.61	113.31	108.16	91.77	95.92	111.62	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
23	118.23	106.74	116.41	113.31	108.16	91.77	95.92	111.62	114.27
22	118.23	106.74	116.41	113.31	108.16	91.62	95.77	111.62	114.27
21	118.23	106.74	116.41	113.12	108.16	91.77	95.77	111.44	114.27
20	118.22	106.74	116.41	113.12	108.16	91.62	95.77	111.44	114.27
18	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
16	118.27	106.74	116.41	113.12	107.98	91.77	95.77	111.44	114.27
15	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
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	108.16	92.50	97.47	111.62	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 Aug. 4, 1941	119.50	107.80	118.40	115.04	108.52	92.06	97.62	112.00	115.24
2 Years ago Aug. 3, 1940	115.72	103.30	116.02	112.75	103.30	85.33	91.91	108.88	110.70

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

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Aug. 4	3.34	2.82	2.99	3.27	4.29	4.00	3.09	2.94
3	3.34	2.82	2.99	3.27	4.29	4.01	3.09	2.94
1	3.34	2.82	2.99	3.27	4.29	4.00	3.09	2.94
July 31	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
30	3.34	2.82	2.98	3.27	4.28	4.00	3.09	2.93
29	3.34	2.82	2.99	3.27	4.28	4.00	3.09	2.34
28	3.34	2.82	2.99	3.27	4.29	4.01	3.09	2.94
27	3.35	2.82	2.99	3.28	4.29	4.01	3.09	2.94
25	3.34	2.82	2.99	3.27	4.29	4.01	3.08	2.94
24	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
23	3.35	2.83	2.99	3.27	4.29	4.01	3.08	2.94
22	3.35	2.83	2.99	3.27	4.30	4.02	3.08	2.94
21	3.35	2.83	3.00	3.27	4.29	4.02	3.09	2.94
20	3.35	2.83	3.00	3.27	4.30	4.02	3.09	2.94
18	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
17	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
16	3.35	2.83	3.00	3.28	4.29	4.02	3.09	2.94
15	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
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	2.99
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	3.27	4.24	3.91	3.08	2.93
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 Aug. 4, 1941	3.29	2.73	2.90	3.25	4.26	3.90	3.06	2.89
2 Years ago Aug. 3, 1940	3.55	2.85	3.02	3.55	4.76	4.28	3.23	3.13

*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.

NY Reserve Bank Index Shows Advance In June

The monthly index of production and trade computed at the Federal Reserve Bank of New York rose from 113% of estimated long term trend for May (revised) to 114 for June, the Bank announced on July 27. The indexes for recent months have been considerably revised to take account of the substantial increase that has occurred in ton-miles of railway freight carried in comparison with the number of cars loaded, says the Bank, which states:

"The increase in the total index between May and June was due to a rise in productive activity to a new peak. Most of the gain in production during June was associated with a further substantial increase in the output of producers' durable goods, as newly constructed or converted plants swung into active operation on war contracts.

"There was a further slackening in the volume of retail trade in June, seasonal factors considered, but the decline was less pronounced than in the four preceding months. Sales by department stores and mail order houses declined more than usual in June, while sales by chain store systems were relatively well maintained.

"Note: The general index of production and trade and the index of primary distribution have been revised back to January, 1940. These changes are occasioned by the substitution of a series on revenue ton-miles of railway freight for the two series on railway freight car loadings. For many years ton-miles of freight per car loaded increased gradually, through more rapid movement of trains, employment of larger cars, etc. As long as ton-miles per car loaded increased gradually, car loadings provided a satisfactory measure of railway freight traffic for the purposes of the indexes, since ton-miles expressed in terms of estimated long term trend would have shown a fairly close resemblance to car loadings similarly expressed. In the past year or two, however, divergent tendencies between the two series have become so marked that the use of car loadings figures led to substantial understatement of the volume of freight being handled by the railroads. The very rapid expansion in ton-miles per car loaded that has recently taken place reflects a much more intensive use of railway equipment under the pressure of the war emergency.

FEDERAL RESERVE BANK OF NEW YORK—RESEARCH DEPARTMENT
Indexes of Production and Trade—100 = estimated long-term trend

	1941 June	1942 April	*May	*June
†Index of production and trade	112	113	113	114
Production	115	120	120	123
Producers' goods—total	122	146	148	152
Producers' durable goods	125	163	167	175
Producers' nondurable goods	119	126	125	125
Consumers' goods—total	108	89	87	88
Consumers' durable goods	115	47	45	45
Consumers' nondurable goods	105	103	101	103
Durable goods—total	122	129	131	137
Nondurable goods—total	111	112	111	112
†Primary distribution	114	128	132	132
Distribution to consumer	104	89	85	83
Miscellaneous services	102	115	116	117

Series are adjusted individually for estimated long term trend and seasonal variation; those reported in dollars are also adjusted for price changes.
†These indexes have been revised January, 1940 to date. The revised indexes are given below.

Production and Trade

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Aver.
1940	93	91	90	89	90	93	92	94	95	96	100	103	94
1941	103	105	107	105	111	112	113	116	110	110	113	113	110
1942	115	114	114	113	*113	*114							

Primary Distribution

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Aver.
1940	90	87	86	87	88	94	91	91	92	91	94	97	91
1941	95	99	103	96	110	114	116	119	113	116	118	121	110
1942	113	119	128	128	*132	*132							

*Indexes are preliminary.

Electric Output For Week Ended Aug. 1, 1942 Shows 11.8% 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 Aug. 1, 1942, was 3,649,146,000 kwh., which compares with 3,263,082,000 kwh., in the corresponding period in 1941, a gain of 11.8%. The output for the week ended July 25, 1942, was estimated to be 3,625,645,000 kwh., an increase of 12.6% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Aug. 1, '42	July 25, '42	July 18, '42	July 11, '42
New England	6.4	4.9	4.3	3.3
Middle Atlantic	6.7	8.6	6.6	3.6
Central Industrial	7.5	8.9	9.0	4.1
West Central	5.6	7.6	9.7	2.9
Southern States	20.0	21.5	18.5	14.6
Rocky Mountain	8.1	7.1	6.1	4.8
Pacific Coast	23.8	21.2	19.4	18.5
Total United States	11.8	12.6	11.4	7.9

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
Jun 6	3,372,374	3,076,323	+ 9.6	2,598,812	1,435,471	1,689,925
Jun 13	3,463,528	3,101,291	+11.7	2,664,853	1,441,532	1,699,227
Jun 20	3,433,711	3,091,672	+11.1	2,653,788	1,440,541	1,702,501
Jun 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	3,428,916	3,178,054	+ 7.9	2,651,626	1,415,704	1,711,625
July 18	3,565,367	3,199,105	+11.4	2,681,071	1,433,993	1,727,225
July 25	3,625,645	3,220,526	+12.6	2,760,935	1,440,386	1,723,031
Aug 1	3,649,146	3,263,082	+11.8	2,762,240	1,426,986	1,724,728

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	4.8	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4

Resigns As Ambassador

President Roosevelt on July 24 accepted the resignation of Admiral William D. Leahy as Ambassador to France in order that he may assume his new war duties. Admiral Leahy has been appointed Chief of Staff to the President as Commander in Chief of the Army and Navy, as indicated in our issue of July 23, page 276.

In accepting the resignation, the President expressed his "great satisfaction" at the way in which the Admiral had "carried out an extremely difficult task at an extremely difficult time" and also said that "there has been such good agreement in our national policy in respect to France during your Ambassadorship."

It is not likely that a new Ambassador will be named in the near future due to the present unsettled relations between the two countries. Admiral Leahy had been recalled to this country for consultation following the return to power of Pierre Laval. Since June the United States affairs have been handled by a Charge d'Affaires at Vichy.

Admiral Leahy's letter of resignation follows:

"My Dear Mr. President:

"In order that my services may be available at any time to the national defense, I beg to tender herewith my resignation as Ambassador to France.

"I beg you to accept, Mr. President, my appreciation of the high honor you have conferred upon me by appointing me to this important post.

Most respectfully,
WILLIAM D. LEAHY."

The President in reply said:

"My Dear Admiral:

"In calling you to active duty as Chief of Staff to the Commander-in-Chief of the United States Army and Navy, I accept your resignation as Ambassador to France.

"In so doing I want you to know first of all of my great satisfaction in the way in which you have carried out an extremely difficult task at an extremely difficult time and, second, that there has been such good agreement in our national policy in respect to France during your Ambassadorship.

"In the words of the Navy—'well done.'

"Always sincerely your friend,
FRANKLIN D. ROOSEVELT."

Wilhelmina Visits Albany

Queen Wilhelmina of the Netherlands and Crown Princess Juliana visted Albany, N. Y., on July 27 and were the luncheon guests of Governor and Mrs. Lehman at the Executive Mansion. Motoring from Lee, Mass., where they are spending the Summer, the Queen and Princess first stopped at the First Dutch Reformed Church and later visited the city hall.

In welcoming the royal party, Governor Lehman related that the Dutch were closely associated with the early history of Albany and spoke of their notable contribution to the cultural, economic and political life of the United States. He also praised their "grim determination" to bring back freedom to the world. The Queen, in reply, expressed confidence in ultimate victory of the United Nations and called for continued effort.

Moody's Daily Commodity Index

Tuesday, July 28	229.7
Wednesday, July 29	229.9
Thursday, July 30	230.4
Friday, July 31	230.0
Saturday, Aug. 1	229.6
Monday, Aug. 2	230.1
Tuesday, Aug. 3	230.6
Two weeks ago, July 21	231.6
Month ago, July 3	232.4
Year ago, Aug. 2	212.7
1941 High—Sept. 19	219.9
Low—Feb. 16	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

Daily Average Crude Oil Production For Week Ended July 25, 1942, Off 22,800 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 25, 1942 was 3,690,600 barrels, or 22,800 barrels per day less than in the preceding week, and 179,350 barrels per day lower than in the corresponding week of last year. The current figure also was 152,200 barrels below the daily average for the month of July, 1942, as recommended by the Office of Petroleum Coordinator. The daily production for the four weeks ended July 25, 1942 averaged 3,589,650 barrels. 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, 3,658,000 barrels of crude oil daily during the week ended July 25, 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, 82,281,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,864,000 barrels during the week ended July 25, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations July	*State Allowables Beginning July 1	—Actual Production— Week Ended July 25 1942	Change From Previous Week	4 Weeks Ended July 25 1942	Week Ended July 26 1941
Oklahoma	433,000	433,000	†379,050	+ 4,400	375,450	416,650
Kansas	283,200	283,200	†283,700	— 2,350	275,250	241,950
Nebraska	4,100	------	†3,550	+ 100	3,600	5,100
Panhandle Texas			84,900	+ 400	82,350	80,350
North Texas			139,100	— 3,350	141,700	129,150
West Texas			211,550	— 350	192,300	266,100
East Central Texas			87,100	— 600	83,600	84,300
East Texas			293,150	— 4,550	274,650	367,950
Southwest Texas			155,150	+ 200	138,850	217,450
Coastal Texas			253,900	+ 850	232,500	283,250
Total Texas	1,214,400	‡1,284,711	1,224,850	— 7,400	1,145,950	1,428,550
North Louisiana			95,100	+ 900	93,500	78,400
Coastal Louisiana			229,050	+ 5,750	223,150	236,100
Total Louisiana	319,600	337,600	324,150	+ 6,650	316,650	314,500
Arkansas	78,500	70,823	72,350	+ 100	72,400	73,550
Mississippi	49,900		†75,850	— 5,850	71,350	46,750
Illinois	304,100		268,450	— 10,400	277,400	340,650
Indiana	22,000		†17,950	— 1,200	18,700	20,900
Eastern (not incl. Ill. and Ind)	112,600		91,200	— 7,450	96,250	90,450
Michigan	64,800		60,100	— 1,700	64,250	41,500
Wyoming	96,800		91,150	— 800	91,800	81,150
Montana	23,100		21,700	— 50	21,700	19,400
Colorado	7,700		6,700	— 450	6,650	3,700
New Mexico	89,500	89,500	70,650	+ 5,500	66,500	107,050
Total East of Calif.	3,103,300		2,991,400	— 20,900	2,913,900	3,231,850
California	739,500	§739,500	699,200	— 1,900	675,750	638,100
Total United States	3,842,800		3,690,600	— 22,800	3,589,650	3,869,950

*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 22.

‡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 25, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis (columns Crude Runs to Stills through ‡Stocks of Residual Fuel Oil)

District—	Daily Refining Capacity: Potential Rate	Daily Refining Capacity: % Reporting	Crude Runs to Stills: Daily Average	Crude Runs to Stills: % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,670	70.1	4.931	39,082	17,432	17,424
Appalachian	174	84.5	156	89.7	471	2,741	565	580
Ind., Ill., Ky.	784	84.9	760	96.9	2,575	15,532	4,424	3,507
Okla., Kansas, Mo.	418	81.1	354	84.7	1,223	7,305	1,499	1,478
Rocky Mountain	138	50.7	94	68.1	276	2,202	398	574
California	787	90.9	624	79.3	1,388	15,419	11,648	54,253
Tot. U. S. B. of M. basis July 25, 1942	4,684	86.9	3,658	78.1	10,864	†82,281	35,966	77,816
Tot. U. S. B. of M. basis July 18, 1942	4,684	86.9	3,582	76.5	10,963	84,069	35,176	77,230
U. S. Bur. of Mines basis July 26, 1941			3,932	----	12,903	85,073	42,126	91,466

*At the request of the Office of Petroleum Coordinator.
†Finished 74,628,000 barrels, unfinished 7,653,000 barrels.
‡At refineries, at bulk terminals, in transit, and in pipe lines.

Wholesale Commodity Prices Continue Steady In July 25 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on July 30 that except for a sharp advance in the livestock market and seasonally higher prices for citrus fruits commodity markets continued comparatively steady during the week ended July 23. The Bureau's comprehensive index of 889 price series rose 0.1% during the week, remaining within the narrow range of less than 1% which has prevailed since the imposition of the General Maximum Price Regulation in May. This compares with an advance of nearly 5% from early in the year to late April. The general index now stands at the same level as for last month at this time but is nearly 11% higher than a year ago. The Department also states that average prices for foods in primary markets rose 0.6% during the week and farm products advanced 0.5%. On the other hand, revised ceiling prices for inedible fats and oils, at 1¢ a pound below the prevailing market level, caused the index for chemicals and allied products to drop 0.8%.

The Bureau makes the following notation:

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

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for June 27, 1942 and July 26, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity Groups—	7-25 1942	7-18 1942	7-11 1942	6-27 1942	7-26 1941	Percentage changes to July 25, 1942, from— 7-18 1942	6-27 1942	7-26 1941
All Commodities	*98.4	*98.3	*98.5	*98.4	88.8	+0.1	0	+10.8
Farm products	105.4	104.9	105.5	104.6	86.7	+0.5	+0.8	+21.6
Foods	98.9	98.3	98.7	99.3	84.6	+0.6	—0.4	+16.9
Hides and leather products	118.8	118.8	118.9	118.9	109.7	0	—0.1	+ 8.3
Textile products	96.8	96.8	96.8	97.3	86.4	0	—0.5	+12.0
Fuel and lighting materials	79.5	79.6	79.5	79.2	79.4	—0.1	+0.4	+ 0.1
Metals and metal products	*103.9	*103.9	*104.0	*104.0	98.6	0	—0.1	+ 5.4
Building materials	110.1	110.2	110.3	110.0	102.7	—0.1	+0.1	+ 7.2
Chemicals and allied products	96.4	97.2	97.2	97.2	85.0	—0.8	—0.8	+13.4
Housefurnishing goods	104.4	104.4	104.5	104.5	95.5	0	—0.1	+ 9.3
Miscellaneous commodities	89.6	89.6	90.0	90.0	81.8	0	—0.4	+ 9.5
Raw materials	99.8	99.5	99.8	99.6	86.4	+0.3	+0.2	+15.5
Semimanufactured articles	92.6	92.8	92.8	92.8	98.8	—0.2	—0.2	+ 5.5
Manufactured products	*98.8	*98.7	*98.9	*98.8	90.5	+0.1	0	+ 9.2
All commodities other than farm products	*96.9	*96.9	*97.0	*97.1	89.3	0	—0.2	+ 8.5
All commodities other than farm products and foods	*95.9	*95.9	*96.0	*96.0	90.0	0	—0.1	+ 6.6

*Preliminary.

New York Stock Exchange Odd-Lot Trading

The Securities and Exchange Commission has made public a summary for the weeks ended July 11 and 18, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

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

Week Ended—	July 11	July 18
Odd-lot Sales by Dealers: (Customers' Purchases)		
Number of orders	12,112	8,564
Number of shares	328,337	227,564
Dollar value	$11,533,399	$8,416,664
Odd-lot Purchases by Dealers: (Customers' Sales)		
Number of orders:		
Customers' short sales	190	101
*Customers' other sales	12,885	8,785
Customers' total sales	13,075	8,886
Number of shares:		
Customers' short sales	5,297	3,090
*Customers' other sales	304,987	207,567
Customers' total sales	310,284	210,657
Dollar value	$9,323,994	$6,757,269
Round-lot Sales by Dealers:		
Number of shares:		
Short sales	140	140
†Other sales	85,030	55,430
Total sales	85,170	55,570
Round-lot Purchases by Dealers:		
Number of shares	105,670	70,300

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

Engineering Construction Gains 50% Over 1941 Week's Total

Engineering construction volume for the week totals $259,800,000, an increase of 50% over the total for the corresponding 1941 week, and 75% above last week's total as reported by "Engineering News-Record." Under date of July 30, the report continued as follows:

Public construction gains 55% over a year ago, and is responsible for the increased volume as private work is 0.5% under last year. Both public and private construction record increases over last week, the former up 79%, and the latter 36%.

The current week's total brings 1942 construction to $6,106,820,000, a gain of 61% over the volume for the 31-week period in 1941, and already in excess of the $5,868,699,000 reported for the entire 52 weeks of last year. Private work, $403,448,000, is 51% below a year ago, but public construction for the period, $5,703,372,000, is 92% higher due to the 145% increase in Federal work.

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

	July 31, 1941	July 23, 1942	July 30, 1942
Total Construction	$173,094,000	$148,171,000	$259,800,000
Private Construction	14,967,000	10,967,000	14,888,000
Public Construction	158,127,000	137,204,000	244,912,000
State and Municipal	31,272,000	8,717,000	10,034,000
Federal	126,855,000	128,487,000	234,878,000

In the classified construction groups, the classes of work that contributed to the 75% gain over last week are waterworks, sewerage, industrial, commercial and public buildings, earthwork and drainage, and streets and roads. Participants in the 50% increase over the 1941 week are waterworks, sewerage, industrial, commercial and public buildings, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $4,195,000; sewerage, $2,694,000; bridges, $446,000; industrial buildings, $5,330,000; commercial building and large-scale private housing, $9,200,000; public buildings, $163,757,000; earthwork and drainage, $670,000; streets and roads, $17,172,000, and unclassified construction, $56,336,000.

New capital for construction purposes for the week totals $6,860,000. This compares with $73,716,000 for the week last year. The current week's financing is made up of $5,445,000 in State and municipal bonds, 1,000,000 in RFC loans for public improvements, and 415,000 in corporate security issues.

New construction financing for the year to date, $9,500,250,000, is 90% higher than the $5,007,275,000 reported for the 31-week period last year.

U.S., Yugoslavia Sign Master Lend-Lease Pact

The White House on July 24 issued a joint statement in which President Roosevelt and King Peter of Yugoslavia announced their "complete accord" in devoting the two nations' resources to the prosecution of the war. The King paid a farewell visit to the President at the White House prior to his returning to London.

It was also announced that Dr. Momcilo Nincitch, the Yugoslav Foreign Minister, and Secretary of State Hull had signed, on behalf of their governments, a master lend-lease agreement. Signing of this pact raises to ten the number of United Nations allied with the United States for a common victory and post-war economic cooperation. Previously, agreements were made with Great Britain, China, Russia, Belgium, Poland, the Netherlands, Greece, Czechoslovakia and Norway.

The text of the Joint Statement issued by the President and King Peter follows:

"In the discussions between the President and the King in the course of His Majesty's visit to the United States there has been a general review of the relations between the United States and Yugoslavia, and the problems of special concern to these two United Nations, with particular attention to the conduct of the war.

"His Majesty's visit in this country has been made the occasion of a demonstration on the part of the American people of a very special friendship for the people of Yugoslavia, who have made such valiant sacrifice in defense of their cherished freedom and the liberation of their country.

"We are in complete accord on the fundamental principle that all the resources of the two nations should be devoted to the vigorous prosecution of the war; that like the fine achievements of General Mikhailovitch and his daring men, an example of spontaneous and unselfish will to victory, our common effort shall seek every means to defeat the enemies of all free nations.

"In these discussions, in which Dr. Momcilo Nincitch, the Minister of Foreign Affairs of the Royal Yugoslav Government, has participated, attention has been given also to the principles which should guide our countries in establishing an enduring and prosperous peace under a just application of the declaration of the United Nations and the principles of the Atlantic Charter.

"Accordingly, the Foreign Minister of Yugoslavia and the Secretary of State have today signed, on behalf of their governments, an agreement on the principles applying to mutual aid in the prosecution of the war, pledging their material and spiritual resources to a common victory of the United Nations."

The visit of King Peter to the United States was referred to in our issue of July 2, page 22. Accompanied by an official party of Ministers of State and personal aides, King Peter left Lake Placid, N. Y., on July 22 after a ten-day incognito visit. He had spent much time touring the Adirondacks behind the steering wheel of an automobile after a visit to Canada.

MacKenzie With WPB

M. J. Fleming, President of the Federal Reserve Bank of Cleveland announces that K. H. MacKenzie, Assistant Vice-President of the Bank in charge of the department of business statistics, has been granted a leave of absence effective Aug. 1, in order to serve the War Production Board as regional statistician. Robert L. Smith has been designated manager of the department of business statistics.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that production of soft coal in the week ended July 25 showed little change, the total output during that period being esimated at 11,050,000 net tons, as against 11,100,000 tons in the preceding week. Production in the corresponding week of 1941 amounted to 10,901,000 tons.

Production of Pennsylvania anthracite, according to the U. S. Bureau of Mines, for the week ended July 25 was estimated at 1,230,000 tons, an increase of 8,000 tons, or 0.7% over the preceding week. When compared with the output in the corresponding week of 1941, however, there was a decrease of 100,000 (7.5%). The calendar year to date shows a gain of 9.3% when compared with the same period last year.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended July 25 showed an increase of 7,400 tons when compared with the output for the week ended July 18. The quantity of coke from beehive ovens increased 3,600 tons during the same period.

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

	Week Ended			January 1 to Date		
Bituminous and lignite coal—	July 25, 1942	†July 18, 1942	July 26, 1941	July 25, 1942	July 26, 1941	July 24, 1937
Total, includ. mine fuel	11,050	11,100	10,901	322,808	264,785	248,853
Daily average	1,842	1,850	1,817	1,870	1,541	1,443
*Crude petroleum—						
Coal equivalent of weekly output	5,912	5,948	6,199	177,758	175,038	160,404

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

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
	§July 25, 1942	July 18, 1942	July 26, 1941	§July 25, 1942	July 26, 1941	July 27, 1929
Penn anthracite—						
*Total, incl. colliery fuel	1,230,000	1,222,000	1,330,000	33,642,000	30,773,000	39,580,000
†Commercial production	1,169,000	1,161,000	1,264,000	31,960,000	29,234,000	36,730,000
Beehive coke—						
United States total	152,500	148,900	154,800	4,466,700	3,465,900	3,930,800
By-product coke—						
United States total	1,195,100	1,187,700	‡	34,619,600	‡	‡

*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					
State—	July 18, 1942	July 11, 1942	July 19, 1941	July 20, 1940	July 17, 1937	July avge. §1923
Alaska	4	5	5	4	2	**
Alabama	369	377	343	235	257	389
Arkansas and Oklahoma	92	85	32	40	26	74
Colorado	130	133	109	67	76	165
Georgia and North Carolina	††	††	1	††	††	**
Illinois	1,105	1,078	1,107	671	668	1,268
Indiana	472	462	402	255	236	451
Iowa	39	40	37	38	28	87
Kansas and Missouri	153	140	137	72	80	134
Kentucky—Eastern	942	828	955	767	701	735
Kentucky—Western	225	235	194	116	114	202
Maryland	38	39	36	21	23	42
Michigan	5	6	2	3	5	17
Montana (bituminous and lignite)	67	60	58	39	41	41
New Mexico	30	29	26	16	30	52
North and South Dakota (lignite)	20	23	17	16	13	**14
Ohio	661	667	663	458	406	854
Pennsylvania (bituminous)	2,730	2,610	2,741	2,146	2,006	3,680
Tennessee	149	144	146	109	98	113
Texas (bituminous and lignite)	5	6	7	11	19	23
Utah	111	110	61	48	43	87
Virginia	400	390	387	275	242	239
Washington	42	42	29	24	32	37
*West Virginia—Southern	2,275	2,246	2,334	1,824	1,564	1,519
†West Virginia—Northern	903	887	826	566	479	866
Wyoming	133	118	117	85	60	115
‡Other Western States	††	††	1	††	1	**4
Total bituminous and lignite	11,100	10,760	10,773	7,906	7,250	11,208
§Pennsylvania anthracite	1,222	1,193	1,314	1,133	582	1,950
Total, all coal	12,322	11,953	12,087	9,039	7,832	13,158

*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.

Trading On New York Exchanges

The Securities and Exchange Commission has made public figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the weeks ended July 4 and 11, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

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

	N. Y. Stock Exchange Week End. July 11	N. Y. Curb Exchange Week End. July 11
Total number of reports received	977	685
1. Reports showing transactions as specialists	172	86
2. Reports showing other transactions initiated on the floor	153	23
3. Reports showing other transactions initiated off the floor	188	51
4. Reports showing no transactions	550	532

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

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

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

Weeks Ending July 4 and July 11, 1942

	Total for Week	† Per Cent	Total for Week	†Per Cent
A. Total Round-Lot Sales:				
Short sales	48,990		99,710	
‡Other sales	1,486,470		2,821,710	
Total sales	1,535,460		2,921,420	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	137,640		281,360	
Short sales	24,580		52,420	
‡Other sales	106,260		230,660	
Total sales	130,840	8.74	283,080	9.66
2. Other transactions initiated on the floor—				
Total purchases	66,920		161,210	
Short sales	10,000		15,700	
‡Other sales	49,960		134,930	
Total sales	59,960	4.13	150,630	5.34
3. Other transactions initiated off the floor—				
Total purchases	73,490		104,210	
Short sales	4,720		14,100	
‡Other sales	36,610		84,630	
Total sales	41,330	3.74	98,730	3.47
4. Total—				
Total purchases	278,050		546,780	
Short sales	39,300		82,220	
‡Other sales	192,830		450,220	
Total sales	232,130	16.61	532,440	18.47

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

Weeks Ending July 4 and July 11, 1942

	Total for Week	† Per Cent	Total for Week	†Per Cent
A. Total Round-Lot Sales:				
Short sales	2,855		2,220	
‡Other sales	204,996		344,115	
Total sales	207,851		346,335	
B. Round-Lot Transactions for the Account of Members:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	24,065		38,190	
Short sales	2,185		1,350	
‡Other sales	22,500		36,290	
Total sales	24,685	11.73	37,640	10.95
2. Other transactions initiated on the floor—				
Total purchases	1,790		5,400	
Short sales	75		140	
‡Other sales	1,840		6,650	
Total sales	1,915	0.89	6,790	1.76
3. Other transactions initiated off the floor—				
Total purchases	4,305		12,340	
Short sales	30		120	
‡Other sales	5,845		8,305	
Total sales	5,875	2.45	8,425	3.00
4. Total—				
Total purchases	30,160		55,970	
Short sales	2,230		1,610	
‡Other sales	30,185		51,245	
Total sales	32,475	15.07	52,855	15.71
C. Odd-Lot Transactions for the Account of Specialists—				
Customers' short sales	0		0	
§Customers' other sales	20,087		23,198	
Total purchases	20,087		23,198	
Total sales	12,517		12,669	

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

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

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

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

Non-Ferrous Metals—Zinc Conservation Order—Copper Moving Against August Needs

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 30, stated: "The War Production Board issued an order prohibiting the use of zinc after Sept. 1 in more than 100 items. Use of the metal in articles not listed in the order also has been regulated. With the supply outlook for lead easier, the regular monthly meeting of producers and officials in Washington scheduled for July 28 was called off. Allocation certificates for copper and zinc for August requirements were released on July 27. Silver merchants are marking time pending receipt of details of an order now being prepared by WPB regulating distribution of the metal to conserve supplies for war purposes. The publication further went on to say in part:

Copper

Requests for copper against August allocation certificates came through in volume on Monday, and, as one operator remarked, the "treasure hunt is on." Demand for copper is as large as ever. Quotations on both domestic and foreign copper were unchanged.

Higher preference ratings have been assigned to communications companies for copper for construction, maintenance, and repair.

An amendment to make clear that maximum prices which may be charged on sales of copper in carload lots are applicable to all other sellers as well as to refiners and producers has been made to Revised Price Schedule No. 15 on copper, Price Administrator Leon Henderson announced July 27. For sales of copper in carload lots, the price schedule provides a maximum price of 12¢ a pound, Connecticut Valley base.

Lead

The Lead Branch of WPB dispensed with the usual monthly meeting in Washington to discuss August allocations of foreign lead. Requests for foreign lead dropped to less than 10,000 tons and there was really no problem in meeting all of the demands of consumers. Unless restrictions on use of lead are eased soon, the trade believes that domestic consumption may easily drop to less than 55,000 tons a month.

Quotations continued on the basis of 6.50¢, New York, and 6.35¢, St. Louis.

Zinc

The market came to life on July 27 as soon as word on August allocations reached the industry. New production will soon come on the market, but this development was overshadowed last week by the conservation order that sharply restricts the use of the metal in a long list of articles. The price situation was unchanged, Prime Western continuing on the basis of 8¼¢, St. Louis.

Tin

The tin-can salvage plan, previously confined to 36 major metropolitan areas, has been enlarged to include 104 additional cities, according to Lessing J. Rosenwald, chief of the Conservation Division, WPB. The extension was made to meet an estimated increase in detinning plant capacity to 400,000 tons for the coming year. Present capacity is about 250,000 tons. The increase in capacity results from plant expansion and diversion of some capacity now operating exclusively on commercial tinplate trimmings.

Straits quality tin for future delivery was nominally as follows:

	July	August	Sept.
July 23	52.000	52.000	52.000
July 24	52.000	52.000	52.000
July 25	52.000	52.000	52.000
July 27	52.000	52.000	52.000
July 28	52.000	52.000	52.000
July 29	52.000	52.000	52.000

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

London—No quotations.

Quicksilver

With the Government supporting the market through purchases by Metals Reserve, the price situation in quicksilver appears to be stable in all directions. Output is expected to remain high. Canadian advices indicate that production in that country will be increased further. Quotations in New York continued at $194.43 @ $198.08 per flask.

Silver

Awaiting word on the official order that is to regulate the flow of silver into industry and the arts, the trade is passing through a rather quiet period.

During the past week the silver market in London has been quiet, with the price unchanged. The New York Official and the U. S. Treasury prices are also unchanged.

Daily Prices

The daily prices of electrolylic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in last week's "Commercial and Financial Chronicle," page 380.

Merchant Marine Training Functions Transferred

President Roosevelt, in a recent executive order, transferred the merchant marine training functions from the U. S. Coast Guard to the War Shipping Administration. The President, acting under the First War Powers Act, in order to expedite the prosecution of the war effort, directed that all records, property (including office equipment, floating equipment, and real property), and personnel of the Coast Guard which the Director of the Budget determines was used primarily in administering the training functions be transferred. The order provided, however, that no officers or men of the regular Coast Guard be transferred or that none of the Coast Guard reserve now on active duty be transferred without their consent.

Revenue Freight Car Loadings During Week Ended July 25, 1942, Totaled 855,522 Cars

Loading of revenue freight for the week ended July 25, totaled 855,522 cars, the Association of American Railroads announced on July 30. This was a decrease below the corresponding week in 1941 of 42,042 cars or 4.7%, but an increase above the same week of 1940 of 137,484 cars of 19.1%.

Loading of revenue freight for the week of July 25 decreased 1,545 cars or 0.2% below the preceding week.

Miscellaneous freight loading totaled 390,314 cars, an increase of 4,442 cars above the preceding week, and an increase of 22,207 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 87,587 cars, an increase of 223 cars above the preceding week, but a decrease of 68,435 cars below the corresponding week in 1941.

Coal loading amounted to 162,287 cars, a decrease of 1,270 cars below the preceding week, and a decrease of 6,564 cars below the corresponding week in 1941.

Grain and grain products loading totaled 46,333 cars, a decrease of 5,225 cars below the preceding week, and a decrease of 8,948 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of July 25 totaled 30,107 cars, a decrease of 5,300 cars below the preceding week, and a decrease of 5,491 cars below the corresponding week in 1941.

Live stock loading amounted to 10,668 cars, an increase of 1,098 cars above the preceding week, and an increase of 624 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of July 25 totaled 7,510 cars, an increase of 981 cars above the preceding week, and an increase of 270 cars above the corresponding week in 1941.

Forest products loading totaled 54,134 cars, an increase of 652 cars above the preceding week, and an increase of 6,703 cars above the corresponding week in 1941.

Ore loading amounted to 90,324 cars, a decrease of 1,925 cars below the preceding week, but an increase of 11,791 cars above the corresponding week in 1941.

Coke loading amounted to 13,875 cars, an increase of 460 cars above the preceding week, and an increase of 580 cars above the corresponding week in 1941.

All districts reported decreases, compared with the corresponding week in 1941, except the 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
Week of July 11	855.124	876,142	736,783
Week of July 18	857,057	899,370	730,460
Week of July 25	855,522	897,564	718,038
Total	24,381,573	23,264,167	19,736,985

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 25, 1942. During this period only 43 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JULY 25

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	416	629	658	1,272	1,556
Bangor & Aroostook	1,096	1,105	963	174	271
Boston & Maine	5,900	9,049	7,053	13,023	13,663
Chicago, Indianapolis & Louisville	1,500	1,559	1,369	1,961	2,600
Central Indiana	35	40	46	68	102
Central Vermont	905	1,470	1,250	2,443	2,916
Delaware & Hudson	6,490	7,591	5,688	10,826	10,979
Delaware, Lackawanna & Western	7,697	10,541	8,136	9,710	9,318
Detroit & Mackinac	247	367	399	147	129
Detroit, Toledo & Ironton	1,461	2,892	1,325	1,254	1,558
Detroit & Toledo Shore Line	307	365	207	3,061	3,831
Erie	12,722	16,269	12,736	15,922	16,137
Grand Trunk Western	4,128	6,122	3,276	8,233	8,969
Lehigh & Hudson River	133	154	144	3,054	2,446
Lehigh & New England	2,143	2,608	1,727	2,072	1,987
Lehigh Valley	8,889	10,361	7,880	12,704	10,059
Maine Central	2,250	3,260	2,604	2,543	2,549
Monongahela	6,286	6,391	4,877	356	471
Montour	2,338	2,469	2,327	36	51
New York Central Lines	46,643	53,774	41,392	56,060	52,390
N. Y., N. H. & Hartford	9,744	12,357	9,345	18,848	17,182
New York, Ontario & Western	1,025	1,344	1,150	2,617	2,316
New York, Chicago & St. Louis	7,336	7,444	5,958	17,000	14,125
N. Y., Susquehanna & Western	383	487	404	1,411	1,699
Pittsburgh & Lake Erie	7,856	8,653	7,319	9,066	9,919
Pere Marquette	5,193	6,664	4,755	6,024	6,374
Pittsburgh & Shawmut	744	643	836	26	55
Pittsburgh, Shawmut & North	211	412	382	206	588
Pittsburgh & West Virginia	1,092	1,286	715	2,703	2,359
Rutland	325	575	618	1,094	1,243
Wabash	5,528	6,662	5,847	12,921	11,185
Wheeling & Lake Erie	5,224	5,567	5,017	5,028	4,176
Total	156,253	189,110	146,405	221,868	213,203
Allegheny District—					
Akron, Canton & Youngstown	690	809	525	1,112	1,122
Baltimore & Ohio	41,753	43,510	32,141	25,241	23,289
Bessemer & Lake Erie	6,686	7,656	6,154	2,610	2,338
Buffalo Creek & Gauley	299	317	297	2	5
Cambria & Indiana	2,019	1,703	1,090	11	14
Central R. R. of New Jersey	6,925	8,411	6,537	18,864	16,427
Cornwall	643	668	544	61	60
Cumberland & Pennsylvania	276	307	236	19	40
Ligonier Valley	147	118	63	49	40
Long Island	921	911	701	3,713	3,020
Penn-Reading Seashore Lines	1,659	1,786	1,085	2,443	1,912
Pennsylvania System	84,268	90,969	68,983	65,129	56,371
Reading Co.	14,341	17,481	13,416	27,826	22,991
Union (Pittsburgh)	21,385	19,884	18,752	7,166	6,507
Western Maryland	3,969	4,085	3,253	12,100	8,445
Total	185,981	198,615	153,777	166,346	142,581
Pocahontas District—					
Chesapeake & Ohio	28,828	29,338	24,780	13,888	14,757
Norfolk & Western	23,139	25,027	21,173	6,757	6,592
Virginian	4,602	4,928	4,261	1,965	1,794
Total	56,569	59,293	50,214	22,610	23,143
Southern District—					
Alabama, Tennessee & Northern	305	321	293	308	237
Atl. & W. P.—W. R. R. of Ala.	771	965	802	2,940	1,675
Atlanta, Birmingham & Coast	1,131	1,507	1,253	962	1,144
Atlantic Coast Line	9,992	9,121	7,730	9,083	6,112
Central of Georgia	4,206	5,123	4,589	3,878	3,955
Charleston & Western Carolina	379	488	486	1,385	1,571
Clinchfield	1,561	1,785	1,294	2,573	2,591
Columbus & Greenville	405	316	213	277	345
Durham & Southern	156	187	201	756	484
Florida East Coast	565	408	366	1,341	776
Gainesville Midland	36	36	23	156	83
Georgia	1,338	1,387	1,197	2,860	2,123
Georgia & Florida	438	360	284	500	536
Gulf, Mobile & Ohio	4,195	4,014	3,060	5,095	3,267
Illinois Central System	28,990	25,909	19,333	18,020	13,810
Louisville & Nashville	25,753	26,144	21,450	10,984	7,950
Macon, Dublin & Savannah	209	190	149	571	733
Mississippi Central	228	186	140	583	430
Nashville, Chattanooga & St. L.	3,021	3,515	2,753	4,637	3,277
Norfolk Southern	1,503	1,286	927	1,772	1,205
Piedmont Northern	286	471	344	1,125	1,412
Richmond, Fred. & Potomac	451	449	338	9,052	5,823
Seaboard Air Line	9,866	9,749	8,610	8,159	6,137
Southern System	23,212	24,521	21,317	22,939	20,110
Tennessee Central	582	545	466	877	891
Winston-Salem Southbound	84	148	163	822	805
Total	119,663	119,131	97,781	111,755	87,483
Northwestern District—					
Chicago & North Western	21,364	23,051	18,980	13,981	13,306
Chicago Great Western	2,253	2,783	2,457	3,236	3,217
Chicago, Milw., St. P. & Pac.	19,539	23,149	18,352	9,678	10,203
Chicago, St. Paul, Minn. & Omaha	3,060	3,941	3,320	3,496	4,328
Duluth, Missabe & Iron Range	31,731	24,470	20,395	464	[illegible]
Duluth, South Shore & Atlantic	1,167	955	1,113	685	540
Elgin, Joliet & Eastern	9,389	10,593	8,999	10,815	9,964
Ft. Dodge, Des Moines & South	575	571	545	131	144
Great Northern	27,448	26,234	21,481	5,222	4,835
Green Bay & Western	470	625	473	711	741
Lake Superior & Ishpeming	2,036	2,698	3,630	49	91
Minneapolis & St. Louis	2,086	2,278	1,707	2,331	2,26
Minn., St. Paul & S. S. M.	7,675	8,055	6,810	3,173	3,155
Northern Pacific	11,644	12,250	9,384	5,240	5,296
Spokane International	215	258	364	828	41
Spokane, Portland & Seattle	2,687	2,546	1,740	2,676	2,296
Total	143,339	144,457	119,750	62,716	61,062
Central Western District—					
Atch., Top. & Santa Fe System	23,924	24,158	19,508	11,617	8,529
Alton	3,603	3,621	3,198	4,921	2,996
Bingham & Garfield	670	608	496	127	10
Chicago, Burlington & Quincy	17,705	19,948	16,124	11,341	10,311
Chicago & Illinois Midland	2,445	2,638	1,769	1,042	912
Chicago, Rock Island & Pacific	12,780	14,432	11,455	11,356	10,123
Chicago & Eastern Illinois	2,213	2,886	2,255	4,046	3,217
Colorado & Southern	759	804	573	1,512	1,598
Denver & Rio Grande Western	3,760	3,484	2,569	6,114	3,858
Denver & Salt Lake	661	698	307	21	43
Fort Worth & Denver City	1,049	1,280	966	1,307	1,019
Illinois Terminal	1,607	1,935	1,720	2,583	1,197
Missouri-Illinois	1,340	1,157	841	449	80
Nevada Northern	2,060	1,930	1,555	150	133
North Western Pacific	1,169	1,149	812	612	60
Peoria & Pekin Union	24	99	23	0	0
Southern Pacific (Pacific)	31,221	30,202	24,747	9,955	8,253
Toledo, Peoria & Western	354	323	337	1,650	1,590
Union Pacific System	14,030	16,538	14,095	15,526	11,064
Utah	606	280	271	2	12
Western Pacific	2,255	1,815	1,709	3,697	2,609
Total	124,295	129,993	105,330	88,228	69,995
Southwestern District—					
Burlington-Rock Island	537	182	171	229	236
Gulf Coast Lines	4,392	2,815	2,428	2,292	1,981
International-Great Northern	2,546	2,228	1,742	2,482	2,191
Kansas, Oklahoma & Gulf	338	218	201	1,063	1,210
Kansas City Southern	4,626	2,712	1,945	3,078	2,522
Louisiana & Arkansas	4,360	2,001	1,796	2,197	1,965
Litchfield & Madison	290	379	279	1,298	1,241
Midland Valley	683	837	407	213	283
Missouri & Arkansas	168	158	179	403	396
Missouri-Kansas-Texas Lines	5,432	4,798	4,053	4,738	3,552
Missouri Pacific	16,558	17,387	13,504	18,795	11,370
Quanah Acme & Pacific	81	166	75	215	213
St. Louis-San Francisco	8,820	9,247	6,778	7,979	5,2[illegible]0
St. Louis Southwestern	2,805	2,627	2,201	6,445	3,168
Texas & New Orleans	12,680	7,252	5,530	5,314	4,155
Texas & Pacific	4,903	3,765	3,361	7,764	4,730
Wichita Falls & Southern	*134	176	112	*32	107
Weatherford M. W. & N. W.	69	17	19	29	45
Total	69,422	56,965	44,781	64,566	44,659

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

Weekly Statistics Of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1942—Week Ended—					
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
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89

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.

Lumber Movement—Week Ended July 25, 1942

Lumber production during the week ended July 25, 1942, was 4% less than the previous week, shipments were 2% less, new business 10% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 9% above production; new orders 8% above production. Compared with the corresponding week of 1941, production was 7% less, shipments 2% greater, and new business 6% less. The industry stood at 129% of the average of production in the corresponding week of 1935-39 and 144% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first 29 weeks of 1942 was 2% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 7% above the orders of the 1941 period. For the 29 weeks of 1942, new business was 24% above production, and shipments were 15% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 71% on July 25, 1942, compared with 48% a year ago. Unfilled orders were 12% greater than a year ago; gross stocks were 25% less.

Softwoods and Hardwoods

Record for the current week ended July 25, 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	451	451	466
Production	263,208	283,620	273,887
Shipments	286,239	281,385	291,980
Orders	285,063	304,204	317,328

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	365	100
Production	251,889—100%	11,319—100%
Shipments	269,976—107	16,263—144
Orders	272,919—108	12,144—107

Iron, Steel Salvage Goal

The Conservation Division of the War Production Board, under its new national salvage program, on July 27 set an over-all goal of 17,000,000 tons of scrap iron and steel to be collected in the six months ended Dec. 31. Advices to the New York "Journal of Commerce" from its Washington bureau said:

"On data furnished by the United States Bureau of Mines, showing State-by-State shipments of scrap to consuming mills, and on the basis of experience in previous collections, quotas have been established for each State.

"At present there are about 3,000,000 tons of scrap iron and steel on hand — approximately one month's supply at current production rates. The first six months of the year the industry consumed 13,700,000 tons. At this consumption rate, Conservation Division officials estimate 17,000,000 tons as the minimum amount of scrap necessary to charge furnaces to capacity and provide sufficient stock piles to insure full-time operations throughout the winter months."

Alien Property Custodian Takes Over Japanese Shares

Seven vesting actions involving firms owned by Japanese interests or in which they owned a large share were announced on July 27 by Leo T. Crowley, the Alien Property Custodian. These were in addition to the taking over of several German firms and more than 1,500 German-owned patents in the fields of radio, television, chemicals and aircraft propellors, according to Washington advices to the New York "Times."

Items About Banks, Trust Companies

Boykin C. Wright, of the law firm of Wright, Gordon, Zachary Parlin & Cahill, was elected a Director of City Bank Farmers Trust Company on Aug. 4. The announcement from the bank says:

"A native of Richmond, Va., Mr. Wright graduated from University of Georgia in 1911 and Harvard Law School in 1914, where he was President of the Harvard Law Review and the law student selected from his class to receive Fay Diploma for highest standing. A Major in the First World War, he served overseas with the 82nd Division and was cited for bravery in action. After the armistice of 1918 he was attached to the Peace Conference in Paris and became American Secretary to the Supreme Economic Council in 1919. Mr. Wright commenced practice of law in New York in 1920 with the firm of Cotton & Franklin. He became a partner in that firm in 1922 and since then has practiced law with that firm and its successor firms. Mr. Wright is now a senior partner of Wright, Gordon, Zachary, Parlin & Cahill.

O. P. Decker, Vice-President of the American National Bank & Trust Co. of Chicago, has been called to Washington to serve in the Control Division, Office of the Commanding General, Services of Supply, in the War Department. He has been granted a temporary leave of absence by the bank effective at once. Mr. Decker is the third officer of the American National Bank to be granted leave for wartime service with the Government. Milton J. Hayes, Assistant Cashier, is now a First Lieutenant in the Army Air Corps, precently stationed at Sioux City, Iowa, and Fred T. Hanson, also Assistant Cashier, is seaman first class serving at Great Lakes Naval Training Station. In addition, 29 other employees of the bank are serving in the armed forces.

The Fulton County Federal Savings & Loan Association, Atlanta, Ga., organized in 1933 to promote thrift and home ownership among the people of Atlanta and surrounding territory, reports continuous growth both in assets and in number of members and loans. At the end of December, 1941, the Association reported total assets of $2,138,725, as compared with $131,575 at the end of December, 1934, the first full year of operations. The Association was a pioneer among Federal Savings and Loan institutions in giving prospective builders advance commitments, including title checking, and appraisals . . . payroll loans to finance construction, without extra charge . . . elimination of application fees . . . provide insurance protection to borrower in paying off balance of loan in case of death. The Fulton County organization, oldest Federal Association in the State of Georgia, is headed by William M. Scurry.

The organizers of The South Dallas Bank and Trust Company, jointly with the employees, issued invitations to the opening for business of this new banking institution located on Forest Avenue at Colonial Avenue, Dallas, Texas, on Saturday, Aug. 1. The following are the organizers: Nathan Adams, B. H. Majors, George N. Aldredge, J. B. O'Hara, Rosser J. Coke, Robert M. Olmsted, Lewis R. Ferguson, S. B. Perkins, Arthur M. Gay, Hyman Pearlstone, X. R. Gill, M. F. Richardson, T. E. Jackson and Cooper E. Wyatt.

The Directors of Westminster Bank Limited, London, have declared an interim dividend of 9% for the half-year ended June 30 on the £4 shares, and the maximum dividend of 6¼% on the £1 shares for the same period. The dividends (less income tax) are payable on Aug. 1 to those shareholders whose names were registered in the books of the company on June 30. In its statement of accounts as of June 30, 1942, the Westminster Bank, Ltd., showed total resources of £490,816,898 (as compared with total assets of £469,477,437 on the same date last year), of which the principal items are: investments: £153,153,513 (compared with £129,407,489); advances to customers, and other accounts, £116,645,433 (against £120,186,537); Treasury deposit receipts, £66,000,000 (compared with £72,500,000); coin, Bank of England notes, and balances with the Bank of England, £50,610,311 (against £43,144,843); bills discounted, £35,072,749 (contrasting with £18,524,670). Current, deposit, and other accounts, are shown at £455,374,641 (comparing with £419,502,019) and liabilities for acceptances, endorsements, etc., as per contra £16,785,826 (against £31,317,754 a year ago). The bank's paid-up capital and reserve remain the same as a year ago, both at £9,320,157.

The directors of the Midland Bank Limited, London, announce an interim dividend for the half-year ended June 30 at the rate of 8% actual less income tax, payable on July 15. The same rate of dividend was declared a year ago.

Home Building Costs Rose Further In June

Costs of building a standard 6-room house continued to rise during the month of June, showing an increase of 0.6% over May, Federal Home Loan Bank Administration economists reported on Aug. 1. It is pointed out that this sent the cost index—based on the average month of 1935-1939 as 100—to a new high of 123.5, nearly 10% above June, 1941. The materials cost increase was 11% during the 12 months while labor costs rose 7.8%. The report likewise says:

"The labor used in the construction of this house showed the greater increase for the month—1.1% over May—and now stands 28% above the 1935-1939 average month. Material prices advanced fractionally and the index for June was 21% higher than in the base period.

"Changes in the total cost figures for individual communities during the period from April 1 through June 30 were mixed. Of the 18 cities reporting costs at the end of the period, increases of from $100 to $500 were registered in 9 cities while changes of less than $40 were reported by the remainder. In all but one of these cities reporting increases of more than $100, the change was due largely to a rise in labor costs, material costs showing less drastic changes."

The Bank Administration's analysis of prices reported by the U. S. Department of Labor showed that the wholesale prices of building materials remained unchanged from the previous month. However, the study pointed out, the items making up this total vary. Lumber, brick and tile increased slightly, while paint and paint materials showed a downward tendency. The remaining items which make up this index showed no change from May to June.

Study Amendments To Proposed Tax Measures Providing For Deductions From Taxable Income

On July 30 Senator George was said to have predicted that the Senate Finance Committee would amend the $6,271,200,000 pending war tax bill to permit individuals paying off mortgages or other large debts to deduct a portion of these payments from taxable income. From the United Press accounts from Washington on that date we quote:

"He said the provision also would cover corporations which have heavy debt obligations.

"'With rates as high as they are in the House bill,' he told reporters, 'individuals as well as corporations should be given some relief for debt amortization.'

"Asked if such a provision would not encourage persons to go into debt to save on taxes, Senator George suggested that deductions be permitted only on debts contracted before 1940, and that they be limited to some fixed percentage of the debtor's income.

"He said the Treasury has not yet solved the 'serious problem' of working out an equitable formula for debt-deductions, but added he was hopeful that a solution would be found.

"'The whole thing boils down to this,' he said. 'Taxpayers making large incomes and profits will find it difficult to do anything at all toward payment of debts unless given some form of relief.'

"He said that if provisions for post-war tax refunds are written into the bill, it will ease the problem of making deductions for debts, since the deductions could be charged off against that portion of the tax refundable after the war.

"Mr. George pointed out that corporations which have piled up large debts to finance expansion programs 'will have to fold up when government orders stop unless they are given some relief.'

"He said many manufacturers already are reluctant to take government orders necessitating plant expansion because of their inability to finance it.

"Mr. George's remarks came at the end of an open session of the Finance Committee during which several businessmen testified that high tax rates in the House-approved measure will hamper expansion of war production and force many small manufacturing concerns out of business.

"Paulsen Spence, Walden, N. Y., manufacturer of pressure reducing valves, said Congress has 'overlooked the essential point' in framing the tax bill, and asked: 'Do you want to collect taxes or do you want to get out war production?'

"'A tax law should be designed to help out production and to give some credit for being smart and knowing how to turn over capital fast,' he told the committee.

"Mr. Spence said he was not making any 'real money' out of war business, and only kept on with it because 'I'm patriotic.'

"'If I weren't,' he added, 'I'd sell out, invest my money in municipal bonds and go back to Louisiana for some catfishing.'

"C. F. Hotchkiss of Binghamton, N. Y., said that his company, which makes flexible cables for the Government, had to go heavily into debt to meet the demands of a business which has risen 1400% since 1940.

"He told the Committee that all net profit after taxation next year will have to go toward paying off a Reconstruction Finance Corporation loan unless some special relief provision is written into the bill.

"M. H. Robineau, President and General Manager of the Frontier Refining Co., Cheyenne, Wyo., said his corporation took over a heavy burden of fixed debt when it was formed in 1940. He suggested that corporations with large debt burdens be permitted to deduct part of these fixed obligations from excess profits tax payments.

"Another suggestion for easing the tax load on corporations was made by Senator Arthur H. Vandenberg, Rep., Mich., who proposed that tax adjustments be permitted in the case of corporations whose contracts with Government agencies had been revised downward by re-negotiation, but who had paid taxes on the basis of the original fee."

The Associated Press reported from Washington July 31 that the Senate Finance Committee moved that day to redraft a provision of the pending revenue bill barring the diversion of "hidden dividends" into pension trusts after several witnesses had in insisted the House-approved section would spur the payment of inflationary cash bonuses, create demands for wage increases and hamper war production.

The press advices further said:

"Remarking that testimony indicated it was necessary to make changes, Chairman George (D., Ga.) named a subcommittee headed by Senator Brown (D., Mich.) and including Senators Radcliffe (D., Md.), Taft (R., Ohio) and Vandenberg (R., Mich.) to confer with Treasury experts on amendments.

"As the Committee closed its hearings for the week, George read a telegram from Jack Frost, Executive Secretary of the Aircraft Parts Manufacturers Association, declaring that if the House-approved rate of 90% tax on excess profits were allowed to stand many members of the Association would be forced out of business.

"The Committee heard several witnesses protest against restrictions placed on the amount of tax deductions which could be taken by business firms for payments made to pension and profit-sharing trusts to be distributed to their employees. The witnesses said such restrictions threatened to kill off such trusts.

"Their chief objection was against a section providing that the amount of immediate tax deductions employers could take for payments into trust funds must be limted to 5% of the aggregate of all employees' wages. The employers would be permitted to charge off the excess over a period of five years.

"The Treasury had suggested a limitation on the tax deductions to prevent the payment of what some witnesses called 'hidden dividends' into these trust funds, especially where company officers later would benefit from the funds.

"Arthur Hansen, of Chicago, a consulting actuary who formerly served as counsel for a finance subcommittee which investigated profit-sharing plans, asserted that the death of such trusts would have an immediate inflationary action."

A "daylight savings" plan for the painless advancement of individual income tax collections to a current basis was under serious consideration on Aug. 1 by Treasury experts and members of the Senate Finance Committee, said the Associated Press advices of that date, which also had the following to say in part:

"Chairman George said the plan had some 'intriguing' aspects which were being analyzed by both Treasury and Congressional leaders.

"While Senator George would not commit himself, he said the proposal held out some possibility of simplifying the problem of collecting taxes from individuals who would be hard hit by the higher rates of the pending revenue bill. (The bill is designed to raise $6,271,000,000 in additional taxes, bringing total Federal revenues this year to between $22,000,000,000 and $24,000,000,000.)

"As outlined recently to the Committee by Beardsley Ruml, of R. H. Macy & Co., New York, the plan would involve moving the tax collection clock ahead a year so that payments being made in this calendar year would be considered as credits against 1942, instead of 1941 taxes.

"Mr. Ruml said this was like moving the clock ahead to get every one to work an hour earlier.

"The individual would continue to pay his quarterly instalments as usual, just as if he were paying on the income he made in 1941, but legally he would be paying on his 1942 income. If at the end of the year, his 1942 income proved to be smaller than his 1941 revenue, then he would get a rebate. If it proved larger, he would have an additional tax to pay on the difference. Then he would be credited with having paid all income tax due up to the end of 1942.

"With the start of 1943, he would calculate his 1943 income at the same amount he actually earned in 1942, and would begin payments on it at the rates fixed in the new revenue bill. This system would be followed from year to year."

Mr. Ruml's views were previously referred to in our issue of July 30, page 384.

Ceiling On Lamb

The Office of Price Administration on Aug. 1 placed an emergency 60-day ceiling on lamb prices to prevent a sharp rise in the retail price of lamb. The ceiling is effective Aug. 10 and pegs wholesale and retail prices of carcasses and cuts at the highest charge between July 27 and July 31, but does not apply to live animals, said Associated Press advices from Washington on Aug. 1, which also said:

"Price Administrator Leon Henderson emphasized that the regulation was a temporary measure to prevent a 'dangerous situation from developing' while plans for a permanent ceiling are being perfected.

"'In the mean time, there is no justification for shifting upon the shoulders of the consumers the burden of higher lamb prices which arise from a temporary beef and pork shortage,' Mr. Henderson said.

"Both lamb and mutton were excluded from the general maximum price regulation issued in April because at that time prices of these meats did not reflect to farmers the highest of the four alternatives which OPA must consider before establishing price ceilings on agricultural commodities under the price control act.

"By July 15, however, the average farm price for live lambs reached $11.82, which exceeded the ten year average of $11.12 a hundred pounds—the highest of the four alternatives.

"Mutton, OPA said, which is a relatively minor item in the American meat diet, is still well below 110% of parity and no price regulation has been established on it.

"The lamb ceiling follows the pattern of the general maximum price regulations in requiring continuation of customary discounts and differentials. Its issuance completes OPA's price control over every important meat item in the American diet except poultry.

"OPA said that while indications pointed to a 1942 lamb crop at least as large as last year's, that farmers' income from this source probably would be 'substantially larger' than the estimated $230,000,000 which they received last year.

"During March, OPA said, the average price for good grade 30-40 pound lamb carcasses in New York was $19.66 a hundred pounds; by June this average had risen to $25.10."