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Salary Regulations Setting $25,000 Maximum Issued By Economic Stabilization Director

The text of the regulations on wages and salaries, which was issued by James F. Byrnes, Economic Stabilization Director, and approved by President Roosevelt on Oct. 27, is given below.

The regulations deal principally with the Administrative responsibilities given the War Labor Board and the Treasury Department in the regulation of salaries and with the limitation on salaries not to exceed $25,000 a year, after certain taxes.

The War Labor Board has jurisdiction over wage and salary payments not in excess of $5,000, where an employee is represented by a duly recognized or certified labor organization or where the employee is not employed in a bona fide executive, administrative or professional capacity. All other salaries come under the Treasury Department.

A summary of the regulations appeared in our issue of Oct. 29, page 1543.

Following is the text of the regulations:

Title 32—National Defense

Chapter XVIII — Office of Economic Stabilization

Subchapter A — Office of the Director of Economic Stabilization

Part 4001—Wages and Salaries

By virtue of the authority vested in the President by the Constitution and the laws of the United States, and particularly by the Act of Oct. 2, 1942, entitled "AN ACT to amend the Emergency Price Control Act of 1942, to aid in preventing inflation, and for other purposes" (Public No. 729, 77th Congress, 2d Session), the following regulations are hereby promulgated.

Sec. 4001.1—Definitions—When used in these regulations, unless otherwise distinctly expressed or manifestly incompatible with the intent thereof —

(a) The term "Act" means the Act of Oct. 2, 1942, (Public No. 729, 77th Congress) entitled "AN ACT to amend the Emergency Price Control Act of 1942, to aid in preventing inflation, and for other purposes."

(b) The term "Board" means the National War Labor Board created by Executive Order No. 9017, dated Jan. 12, 1942 (7 F. R. 237).

(c) The term "Commissioner"

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FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

A few weeks ago Congress was just about the least influential agency in Bureaucratic Washington. It was the subject of smear and abuse, the subject of mocking and degrading articles in the magazines and the press. It was treated contemptuously by the very bureaucrats whom it had hoisted to power. Plans were afoot to further subordinate it. Indeed, in the post-war world upon which our advanced thinkers are laboriously working it had been assigned a very lowly place, bereft of even its taxing powers.

Overnight the situation has changed. The Congress meeting here on Jan. 4 will be a revitalized one, to all intents and purposes it will be an aggressive one. Certainly, its mandate from the people will be to restore itself in the councils of Government. And from what this writer knows of several of those elected, an aggressive body it is going to be.

What then, can it do? How can it become more assertive?

Here are some ways, and I predict they will be attempted, with a probable resultant clash during the year between the legislative and executive branches that will go to the Supreme Court. Whether this latter body, as now constituted, will follow the election returns as it is said the Court has done in the past, remains to be seen.

Before outlining the steps Congress can take and will certainly undertake it should be stated that there is every indication that Mr. Roosevelt, instead of acquiescing in the new legislative aggressiveness, will take the attitude that the election has further convinced him of the people's lack of confidence in Congress, and that he must have further, rather than lesser power, to steer us through the emergency. Bear in mind, he dissociated himself from Congress and Washington as a whole, upon return from his tour of war plants a few weeks before the elections. He then gave the alignment as the People and the President versus Congress and Washington.

One of the first things that will

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Notice To Our Readers

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

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THE FINANCIAL SITUATION

The results of the voting last week are of as much concern to the business man as to the politicians who for a week have been busily engaged in telling themselves and the public why the people of the United States did to the Roosevelt Administration in 1942 something very similar to what they did to the Wilson Administration in 1918. There can, of course, be no doubt that issues peculiar to certain localities here and there very substantially, possibly controllingly, affected the results in those areas. That is always true in these in-between-elections where there are no national tickets around which the voters may be rallied. Whether these purely local influences this time worked more in favor of one party than the other, we leave to others to determine. It is in broad national trends which cut across such purely colloquial contests and furnish the bold strokes which give the picture its notable characteristics that chiefly concern the business community generally.

Broad Trends

That broad national trends were revealed in the voting of last week, there can be no doubt. Almost, if not quite without exception, the Democratic party lost ground to the Republican party—even in those districts (apart, of course, from the solid South) in which the former managed to hold on to its seats in the House or in Gubernatorial chairs. In such circumstances as these it is impossible to maintain the contention, as some of the New Deal figures have undertaken to do, that broad national factors or influences were not at work and rather dominant in the voting. It is, of course, not easy to single out the "issues" which decided the election in this way. It is in this case indeed the more difficult to do so by reason of the fact that the President and leader of his party was well known to be at loggerheads with many members of Congress who wore the Democratic label.

It would, however, be naive indeed to reason that the loss of seats in the House of Representatives, for example, constituted punishment for not being more faithful to the titular leader of the Democratic party. There is no escaping the conclusion that the surprising over-turn in last week's election represents a turning away in part at least

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More Amazement Ahead!

What is the "high conception of freedom and justice which inspired" the Atlantic Charter? Perhaps the President and Prime Minister felt they could not be more specific at the time the pact was made. But it is immensely important that we should now be precise and clear and specific in what we mean by it.

While the mass of comment on my report showed a growing understanding of the aspirations of the people of the East, some of the comment has amazed me. Particularly as the type of comment to which I refer has been obviously inspired by governmental and propaganda sources. Such comment takes the attitude that this is an Anglo-American war, to be run by Anglo-American strategy and that we are to create a world after the war in which Anglo-American policies shall be pursued. It even implies that those of us who are seeking in fact to make its strategy, its military command, its purposes both now and after the war common to all the United Nations must speak softly for fear that free discussion will distress our British allies and disturb the accomplishment of our war aims.
—Wendell L. Willkie.

We suspect that Mr. Willkie will be "amazed" a good many times before this war and its aftermath are things of the past. This is, after all, a real world in which we live.

President Considers Registering Women

President Roosevelt said on Oct. 30 that the Government is considering the compulsory registration of women between the ages of 18 and 65 for possible use in war work but emphasized that the plan does not envision the drafting of women.

The President told his press conference that he had discussed with labor leaders the question of the general reservoir of available labor with particular reference to the problem of women. Mr. Roosevelt said that, inasmuch as there are about 6,000,000 men in the armed forces and many others in war factories, there will not be enough left to fill the expected demand for 4,000,000 to 5,000,000 additional workers next year. The President added that the largest source of untapped labor supply was among women and that the planned registration would be to find out where the available supply of women are and what tasks they could perform.

Secretary of Labor Frances Perkins stated on Oct. 31 that 3,000,000 women would be needed in industry within a year. United Press Washington advices reported that Miss Perkins said women were needed not only in war industries, but also in other places where they could replace men transferred to war jobs. The speed with which women will be absorbed into industry, she added, will depend on the speed with which the men they are to replace are drafted into the armed services.

Industry Congress On Making America Strong

William P. Witherow, President of the National Association of Manufacturers, announced Oct. 20 that the War Congress of American Industry will meet at the Waldrof-Astoria in New York City Dec. 2, 3, and 4. Crucial problems arising from the war and affecting the life of every American businessman, said Mr. Witherow, dictate that the theme of this year's meeting shall be "Making America Strong—War Power, Man Power, Peace Power."

Recalling that the 46th Annual Congress closed barely 24 hours before the attack on Pearl Harbor and that responsibilities and obligations of every industrialist had increased many times in the last year, Mr. Witherow told the manufacturers that "I would be derelict in my duty as a citizen if I asked you to plan attendance at this meeting unless I felt beyond a reasonable doubt, that your presence there would aid in the discharge of your responsibility to our common task."

The program, said Mr. Witherow, who is President of Blaw-Knox Co. of Pittsburgh, Pa., will include executives of the War and Navy Departments, the War Production Board and other government agencies occupied with the prosecution of the war.

The preliminary program, it is announced, includes William M. Jeffers, recently named Rubber Administrator, who is now on a nation-wide tour studying that industry. Hiland G. Batcheller, former President of Allegheny, Ludlum Steel Corp., and now head of the Iron and Steel Division of WPB, Leon Henderson, OPA Administrator, and Paul V. McNutt, Chairman of the War Manpower Commission, are three others who will appear on the program.

Editorial—

The New Menace To Insurance

By W. C. BETTS

There is one aspect of the insurance business which has not received the attention which it merits. It concerns principally the Fire, and Casualty Insurance Companies, and springs primarily from the rivalry which, for many years, has existed between the capital stock organizations and those formed on the so-called mutual plan. It is heading for a point where it may become a serious menace to the interests of investors in insurance stocks, to say nothing of other groups.

For many years, this rivalry has varied in intensity. For the last 50 years, it has borne the shape of verbal attacks by the capital stock companies. The mutual organizations have parried with retorts mostly innocuous, and with great inroads into the income of the stock companies. These, in turn, have now taken measures leading to a situation serious enough to cause concern.

A better understanding of what is involved will come from a glimpse at the history of fire insurance in this country. The pioneers in this business provided insurance against loss by fire through funds set up by the policyholders, out of which the luckless ones were indemnified. The funds were administered by the policyholders, associated as "contributionships." In part, depletion of these funds was guarded against by the creation of volunteer fire companies: on the outbreak of a fire, they hastened helter-skelter, with hose, pumps and fire buckets, intent upon extinction—provided, however, the flames menaced premises insured in the particular societies with which the groups of volunteer firemen severally were affiliated.

In order that these doughty fire-fighters should not run the risk of helping a brigade employed by a rival society, each contributionship attached metal identification plates to the facades of buildings protected by its policies. The result was that each alarm of fire caused a scamper of many fire-brigades to the point menaced, and, as soon as the name-plate on the burning building had established the identity of the insuring company involved, all equipment promptly was withdrawn from the scene of fire, save that belonging to the society whose name-plate was in danger of scorching.

Despite the fact that these contributionships ran on a mutual principle, of sorts, and practised non-profit benevolence, their senseless rivalries waxed ever more unfriendly, to the point of reciprocal gloating over the misfortunes of rivals. Oddly enough, these tense animosities, which often led to fisticuffs, attained their fullest development in the City of Brotherly Love. All this silliness and shortsightedness finally had to be cured, so joint-stock companies were started, benevolently to put out anybody's fire; that is, even fires originating on premises not covered by any insurance. While the subscribers to these capitalistic ventures must have been incensed by the selfish and shortsighted behavior of the mutual contributionships, they doubtless also foresaw that money was to be made out of their protective enterprises.

In time, most of the original contributionships died off, and the survivors today can be counted on one hand. The capitalistic fire-fighters shifted the cost of buying pumps, their use, and maintenance, to the taxpayers, and concentrated their efforts on keeping the fire funds in shape to pay salaries and other expenses, claims, a little something on the hire of capital, and to provide for a rainy day, or rather an especially hot one. At the start, the eleemosynary intent of the original capital stock companies may have been great, but it dwindled when the field was invaded by rivals aware that benevolence for profit alone seemed adequately effective.

There followed long years of intensive development and growth by capital stock companies. In the main, they prospered to such a degree that, lured by the seemingly easy winnings, greater numbers steadily entered the field. Few attained any permanent success. The graveyard in which the failures lie buried, accommodated scores of hapless companies, whose obituaries confirm the belief that when the business of fire insurance succeeds, it is good indeed; but when it goes awry, it can be devastating.

To the latter part of this era belongs the internecine warfare between capital stock companies, when raids on premium income, and rate-cutting grew exuberantly. The consequent inability to carry out obligations assumed, by large numbers of companies, led to more and more government control and more stringent regulations. The stalwart, well-buttressed companies survived, and, to protect themselves against continued inroads, they strengthened their trade position by the standardization (first approved by the public authorities) of their policy contracts, and then by selling these contracts to the public at uniform prices and rates. Of inestimable value, in this restriction of competition, was a decision of the Supreme Court of the United States, reached in 1868, in *Paul v. Virginia*, that "issuing a policy of insurance is not a transaction of commerce" and that transactions of insurance "do not constitute a part of commerce between States."

To this era, too, belongs that concept of underwriters that risks, however undesirable, might be insured if only the premium charged was supposedly "high" enough. One effect of this assumption was to make outbreaks of fire far too frequent. And the corollary was that, for many an industry, the average cost of fire insurance became prohibitive because, statistically, the good risks in an industry, were grouped with the bad ones, so that the same **basic rate** was applied to all risks in that industry, good and bad.

More and more, those who kept their premises in good repair and condition, and did all possible to avoid fire, grumbled about the high cost of their insurance, the result of bad underwriting principles. To their clamor that their good risks were profitable, the answer was: "Your risks may be good, of a kind, but they belong to a poor class—we'll show you the figures." There is evidence, hitherto not seriously disputed, that if, statistically, the loss record of a particular industrial or commercial class was too good to justify the continuance of a high average basic premium, the powers-that-be would worsen the statistical record of that class by including with it types of risks known to be distinctly inferior. For instance, the fire hazards of the wholesale stationery business were actually grouped statistically with those of the business called euphemistically "ladies' boarding houses," risks notoriously poor. Out of such questionable practices, and others, there developed an ever-growing body of aggrieved and provoked buyers of insurance.

The provocation was such that it caused sundry industrial groups to embark in underwriting of their own, on the mutual principle. They went back a century to the basic ideas, whose abuse and debasement had given the impulse to the start of capital stock insurance. History was working in reverse: the former chastisers were now to be chastened; for the same reason, selfishness and short-sightedness.

The new movement grew steadily in scope and power, particularly in the strongly industrial states of New England. The New England Factory Mutuals, as the group was soon called, amateurs as they were, turned out to be excellent underwriters, better in fact than the professionals whose obtuseness had brought them into being. They prospered, probably beyond their own expectations. It is not too much to say that, in the main, they did so, by wedding superior engineering to clever underwriting. They thereby reduced the incidence of fire, and consequently the cost of their own insurance, far below any point that had ever been experienced in the classes of property comprised in the scope of their operations. As they thrived, their ideas spread to ever new fields, with fresh successes.

The capital stock companies were slow to change their habits, to copy the new methods. For a long time, they looked at the newcomers with disdain, and issued dire warnings regarding their probable fate. But louder and louder, nation-wide, rose the cries of alarm from the agents and fieldmen of the capital stock companies. And, as said above, more loudly, if not more effectively, rose the vocal antagonism directed against the Mutuals.

It is not opportune, now, to go into the history of this controversy. In brief, it may be said that it has been neither edifying nor profitable. For long years, its ammunition has been distributed to, and fired off by the stock companies' field-men. These incidental duties have been ill-directed, too often characterized by ineptitude, and have accomplished nothing so much as furnishing the attacked Mutuals with material on which to base effective counter-arguments.

A few years ago, this scattered fire against the Mutuals was supplemented by a special pooled effort of the stock fire insurance companies. At a cost of several hundred thousand dollars, they set out to convey to the millions who read the entertainment weeklies, that as, if, and when they were in the market for insurance, they should buy it from capital stock companies, rather than elsewhere. If one may judge by the statistics of the ever-swelling income of the Mutuals, the hebdomadal purveyors of fiction did not carry the message across to their readers. Perhaps the message was too subtle, or too tenuous, for the grasp of the readers. Or perhaps the Life Insurance companies, which have some 60,000,000 policies in force, mostly headed "Mutual Company" and also use the same vehicles of publicity, interfered with that heavy-footed propaganda.

At any rate, recently recourse was had to a new weapon, one which would certainly strike our readers, more conversant with fact than fiction, as being a most dangerous one to use. The capital stock companies, how and by whom need not now be scrutinized, stirred up officialdom in Washington, and certain Senators, into making a proposal that the Mutual companies, hitherto exempt, henceforth should be made to pay a Federal tax on the income derived from their operations, said to be non-profit making.

Nothing more need be said, at present, about this proposed legislation save that the repercussions have already been startling. Hitting back, the Mutuals have affirmed, as a mere starter, that the capital stock companies are actuated by a desire to raise the cost of doing business on the mutual plan, hoping thereby to stiffen all premium rates. They point out, too, that the stock companies, paying only about 1% Federal income tax, despite grossly expensive management, have paid handsome dividends, stock and cash, out of their earnings. They have gone further; they have affirmed that two named companies, writing casualty lines extensively, have evaded the payment of Federal taxation, except a dribble of the amount rightly payable; and that as to one company, this evasion resulted in the loss of several million dollars a year to the Government. The inference behind this accusation is plain—the present form of supervision should have been able to discover such goings-on, but didn't! The matter, we feel sure, will not be allowed to rest there.

* * * *

Now, it is but a short time ago that the Life Insurance companies underwent an extended investigation by a fact-finding Commission, charged with the duty of determining whether or not the companies were an economic menace by reason of the power inherent in the vast funds held by them as trustees. It was clear to anyone who followed the proceedings of this Commission closely, that behind its mask, the probing was meant to reveal evidence which would justify the placing of the Life companies under Federal supervision.

The furtherance of this design was masterfully blocked. Its instigators made one fatal error: they left out of account the existence and influence of some 30,000,000 satisfied policyholders, solely intent on protecting themselves and their dependents against the hardships of their declining years, or the tragedy of their last one. The Commission's work ended in an unmitigated fiasco.

The stock casualty companies, and their running-mates the fire companies, have no such bodyguard as 30,000,000 satisfied policyholders ready to pounce on evil lawmakers, in defense of their sacred interests. And if they become the objects of a searching Commission, bent on proving that they need the supervision of a permanent Federal body, it may go hard with them. Certainly, hard enough to make them wish that they had never carried a relatively unimportant dispute to the fountain-head of headaches. If it be not too late to do so, a serious attempt should be made by both parties to the dispute to bury their hatchets, and to head off the consequences of someone's consummate blundering.

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from the Administration, and it is important that the business community determine so far as is possible the scope and direction of this change.

Why?

We venture to suggest three basic respects in which it seems to us the public has developed rather deep doubts, not to say outright dissatisfactions, with the New Deal Government. First, we think we discern a quite general feeling among the people that the war effort on its highly important industrial side is not being well managed in Washington. Second, we think that the belief is widespread that the Administration does not have an eye single to the prosecution of the war on all fronts, including the domestic aspect of the struggle. Third, we believe that the public is becoming more and more doubtful, to say the least, whether the Government, and particularly the President himself, is always these days dealing with the rank and file with perfect candor.

That there has been much bungling of the over-all management of the war production would appear obvious even to the layman. Millions of men and women must be aware of these shortcomings as a result of their day-to-day contacts with it in the factories and elsewhere. Inadequate management of the flow of materials is, without question, the direct cause of failure to produce many things which by now could have been in existence had greater foresight and more competent management been exercised. Behind this failure lies a long story of hostility in Washington toward men of proved experience and ability in the particular fields where their services were needed. Too many are familiar with this story at least in its broader outlines for it not to have cost the Administration a good many supporters. The appearance of utter administrative confusion in Washington has, indeed, become almost a byword throughout the land.

"Social Reforms"

The impression that the President is running the war with one eye upon his so-called "social reforms," and with a constant determination to continue and develop them further the moment hostility ceases can scarcely have failed to register itself upon the minds of a great many observers not completely enslaved by New Deal propaganda. His insistence in season and out of a continuance of the 40-hour week law, his unvarying devotion to the leaders of organized labor, his soft dealing with the farmers (notwithstanding his apparently firmer attitude than that found in Congress), his apparent itch for more and more intimate control over the everyday life of the individual, and much more of the same sort leave the dispassionate observer unable to arrive at any conclusion other than that he is still keenly conscious of the domestic political scene, is looking forward to the day when he will be in the position (so he hopes) to make his New Deal, not nation-wide, but world-wide. Meanwhile doubt grows daily from well fertilized soil that he or his supporters will ever willingly give up a great deal of their war-won dictatorial powers when peace comes. The people are learning by experience what it means to be regimented, and they do not look forward to decades of it with relish. That all this, or much of it, tends to hurt the war effort either is not understood by the Administration or else is regarded as of secondary importance.

Distrust of our military communiques, based upon disappointing experience, is known to be all but universal, but almost equal skepticism of the competence and candor of many other pronouncements from Washington is certainly not uncommon. Some time ago the President, apparently sensing some of the unfortunate results of this latter situation, undertook to correct it by muzzling his subordinates, some of whom really had been doing too much pointless talking. This action, however, did not and in the nature of the case could not reach the roots of the trouble. The confusion of counsel, the disharmony among those who undertook to present even facts, and other plain infirmities of official outgivings from the mouths of many underlings was doing harm, but the President himself appeared, and still appears upon occasion, to lack candor in his dealings with the public—and in addition rather regularly adopts the attitude that those to whom he speaks lack ordinary intelligence.

A Poor Defense

His most recent defense of the 40-hour week is an excellent case in point. His facts, in the first place, appear to be at variance at points with virtually all published figures. He says that in the production of most important war goods men are now working on the average of 48 hours, and that in all war production 46 hours or more is the average. He may have meant to say that in certain operations men are on the average working that many hours a week, but what he said is literally contrary to reliable statistics. In very few industries even where war work predominates or has replaced all else, is there such a thing as an average work week of 48 hours, and not many where it is 46 hours. But however all this may be, the President could never have made such statements about all essential production, which is really the point.

But equally as unfortunate was his defense of the 40-hour week by insisting that when men worked more than 48 hours production was not permanently increased. The President must know as well as the rest of us that men are not working 48 hours a week in this country as a general rule, or anywhere near it. Furthermore, in citing the alleged disappointing experience of other countries with fearfully long work weeks, he calmly ignores the well-known fact that men work many more than 48 hours (to say nothing of 40 hours in Great Britain today where production per capita is said to be the highest in the world. The President's discussion of this subject is—with deep regret be it said—something less than candid to say the least, if he has, as we must suppose, taken the trouble to inform himself.

Whether the public will go forward, as in the first World War, to repudiate altogether the Administration which conducted it, will, we believe, depend a good deal upon the events of the next two years, and in particular upon whether this Administration can read these election returns accurately and act accordingly—and convince the people that it has.

Sets Price Formula On Christmas Lines

The Office of Price Administration issued on Oct. 30 the rules for determining maximum prices which retailers and wholesalers may charge for the hundreds of thousands of articles specially packaged for Christmas sale.

The rules, contained in Supplemental Order No. 24, effective Nov. 2, applying only when the special packaging is done by the manufacturer or producer, according to Washington advices to the New York "Journal of Commerce," which further said they classify the holiday packages into two main groups:

1. Those in which the packaging consists primarily of paper or ordinary cardboard or both and in which the article or articles are regularly sold by the vendor in seasons other than Christmastime (such as cigarettes, ties, socks, handkerchiefs, etc.). The maximum price for the contents and the packaging in this group is the maximum price which normally would apply to the contents without the special wrappings.

2. Those in which the packaging consists of material other than paper and ordinary cardboard and is of a type which normally would carry a combined price higher than the price charged for the contents without special packaging, or those in which the package contains an article or articles, all or any of which are not regularly sold by the vendor in seasons other than the Christmas season.

When a package falls within the second classification it may be treated as a single commodity and the maximum price for it determined by the formula in Section 3 (a) of the General Maximum Price regulation.

Mtg. Bankers Seek National Tax Study

Asserting that the more than 165,000 Government units with taxing power in this country could easily be reduced about 90%, or to around 20,000 if public opinion would demand it, Charles A. Mullenix, President of the Mortgage Bankers Association of America, announced on Oct. 25 that the organization will fully support the legislation seeking to establish a Commission on Tax Integration to study local, State and Federal tax systems and seeking to eliminate all possible overlapping. The Association membership voted to support the measure, sponsored by Representative Coffee of Washington, at the annual meeting in Chicago. The greatest benefit now and in the post-war period would be in cutting inefficiency in State and local systems, Mr. Mullenix said and he added that he felt creation of a Federal tax body to make a complete study of the maze of taxing bodies is the first step looking to any lasting tax reform in this country. Mr. Mullenix added:

"All States, I believe, should adopt the sensible over-all property tax limitation so that real property will cease to be the always dependable source for levying higher taxes. Assessment procedure must be modernized so that taxable value will at least have some relation to productivity. Any fair study will surely reveal that real property is today carrying a heavier tax burden than other forms of wealth, and the danger is very real that an even greater burden may be placed on it."

Lauds Inland Waterways

The article, "St. Lawrence Project Off For Duration," in your Oct. 22nd issue, has come to our notice.

Striking events are making manifest the real value of the inland waterways. Now, owing to their safety and to the burden on the railroads, their worth to the nation is incalculable.

The public knows practically nothing about one of the nation's greatest assets, the Federal waterway system.

Now, with the fate of the democratic world depending so much upon America for supplies, equipment, and military and naval aid, how futile the situation would be but for these waterways.

Every shipyard in America is located on a waterway improved by the Federal Government.

Without improved harbors, improved channels from the sea and lakes, our Navy and Merchant Marine could not exist; our railroads would not have the tremendous tonnage brought to or taken from them by ships; water terminals would be non-existent. The coastal terminal cities of today were made possible through the interchange of waterborne and rail commerce.

Without the Cape Cod Canal, water transportation between New York and Boston would be more perilous, take longer and be more expensive. Right now, without the canal, all this shipping would face probable submarine attack.

Without the improvements made on the Hudson River and the New York State Barge Canal system, the economical movement of sufficient grain, oil, lumber, pulpwood and other bulk products between the Great Lakes and the seaboard would be a problem. These waterways serve another purpose; they help keep railway rates where they should be. The improved Hudson enables the Port of Albany to handle ocean shipping.

Without the improved Chesapeake and Delaware Canal, it would not be possible for deep draft vessels to move between Delaware and Chesapeake Bays, again safe from submarine attack.

What a blessing it would be today if the Atlantic and Gulf Intracoastal Waterways were deep and wide; if the proposed canals across New Jersey and Florida were complete. Then, this protected waterway system would extend from Boston to close to the Mexican border. Through it, tankers and barges, destroyers and other light draft naval vessels could navigate safely.

A waterway connecting the Tennessee and Tombigbee Rivers would be of immense value to the industrial heart of the South: low cost waterborne commerce is vital to the development of the nation.

Without the improved Gulf Intracoastal Waterway, much of the vast movement of bulk commodities from the Gulf Coast would have to move at costs many times that on waterways and, now, on the dangerous open sea.

Without the development of the Houston Ship Channel, the world Port of Houston, as the great city of the Southwest, would not exist. Railways handled, either before or after water shipment, a large part of the tremendous tonnage of this port.

Without the improvements that have been made on the Mississippi, Missouri, Illinois, Ohio, Tennessee, Kanawha, and other rivers forming our vast inland waterway system, these streams could not be used as they now are—where tows of more than a trainload of bulk cargo such as steel products, coal, lumber, lime, cement, grain and other farm products; gasoline and fuel oil, are affecting enormous savings in transportation costs. This inland transportation is vital to the nation today.

Without the great locks at the Soo, the improved St. Mary's, St. Clair and Detroit Rivers, the improved harbors at Great Lakes ports, the facilities for moving 90,000,000 tons annually of vitally needed iron ore from upper Lake Superior to ports on Lake Michigan and Erie would not exist, except at a transportation cost of from eight to ten times the water rates. Our commanding position in the steel world would be lost. Without these same facilities, the price of coal in the upper lake regions would be increased tremendously, for the same ships that bring ore down the lakes go back with coal.

The value of a completed Beaver and Mahoning Canal, connecting the incomparable Great Lakes system with that of the Ohio and Mississippi systems is inestimable.

Continuing harbor, channel and river improvements along the Pacific Coast from San Diego, Calif., to Bellingham, Wash., is helping the advancement of the West Coast region and its hinterland incalculably. The San Joaquin, Sacramento and Columbia Rivers will become increasingly important commercial arteries.

Without the low transportation costs made possible by interchange of freight at water-rail terminals, a vast tonnage would never reach the railroads. What a wholesome thing it would be for the nation if the interchange of water and rail traffic was fully developed and properly regulated. Enormous potential benefits to the people lie here. Water-rail transport is the keystone of our national economy. In wartime it is that and more; it is the assurance that our democracy will endure.

When initiated, many projects so vital to us now were criticized or condemned by selfish or sectional interests. "Pork barrel," they shouted to an uninformed public. And today, these same interests continue to combat the expansion of our unparalleled natural waterways; expansion necessary for defense and for the growth of the nation.

At this solemn moment, our outlook would be dark but for the existence of the facilities for naval mobility and waterborne commerce.

America has the greatest potential inland and intracoastal waterway system on earth; development is making it a priceless national asset, assuring the safety of the nation and benefits for all the people.—*S. WILLSON RICHARDS, Editor, the "Marine News."*

US, Canada Restrict Production Of Paper

In what was described as the first step toward curtailment of the production and use of paper products, the United States and Canadian Governments on Oct. 30 jointly froze production of paper products, including newsprint, at the average production rate of the last six months.

In parallel orders, effective at midnight, Oct. 31, the War Production Board in Washington and the Wartime Prices and Trade Board in Ottawa have forbidden manufacturers of paper, including newsprint, book and magazine papers, to produce more than their average rate of output in the six months period from April 1 to Sept. 30.

The following regarding the orders was reported by the Associated Press:

"The freeze meant a 5.15% reduction under the present domestic rate of newsprint output, a WPB spokesman estimated, and a cut of something like 6% in Canada, source of three-fourths of the newsprint used by United States newspapers."

For the American industry as a whole, the stabilization jells production at about 87% of theoretical capacity, trade sources in Washington said. Canadian output of newsprint, however, has been running at only about 65% capacity.

The WPB declared its expectation that "further curtailments would have to be made in the near future" to release labor, power, transportation and materials for war purposes. The order, it stated, is only "the first step toward a balanced program of further reduction and concentration of the industry on an international basis."

"Concentration," as the term ordinarily is understood, would mean closing of some of the industry's 900-odd paper and pulp mills. The total permitted production would be centered in "nucleus" mills which could thus operate at or near capacity and with normal efficiency.

As output diminishes, WPB said, controls over distribution, inventories and use of paper will be set up on an international basis.

"Many factors beyond the control of the paper industry," the WPB said, "inevitably will diminish the production of paper in Canada and the United States.

"Both countries have more than adequate forest reserves. The trees to make pulp are there, but every other factor, from the manpower behind the woodman's ax to transportation to the paper consumer, is becoming increasingly scarce as the requirements for America's all-out war effort develop."

Unrestricted production of six paper products is permitted to continue: Building papers, building boards, vulcanizing fiber stock, resin impregnating stock (the base of a plastic product newly coming into use as a substitute for zinc in photo-engraving), sanitary napkins and hospital wadding stock.

Appropriate Billions, 90% Going To Navy

President Roosevelt signed on Oct. 26 the $15,851,000,000 supplemental appropriation and contract authorization bill, of which 90% is for the Navy.

Congressional action on the measure was completed on Oct. 22 when the Senate adopted a conference report which the House had approved on Oct. 21.

With the adoption of this bill, Congress has provided a total appropriation and contract authority for expenditures for war purposes in the fiscal years 1941, 1942 and 1943, to date, of $222,000,000,000, exclusive of the net outlay from funds of Government corporations, amounting to about $8,000,000,000.

Of the total funds in the bill the Navy receives about $5,600,000,000 in appropriations for maintenance and $9,510,000,000 in contract authorizations for construction of 500,000 tons of aircraft carriers, 500,000 tons of cruisers, 900,000 tons of destroyers and destroyer escort vessels, 200,000 tons of auxiliary vessels, and 1,000 small craft. Of the $3,822,000,000 provided in the bill for the Naval aviation expansion, $2,862,000,000 is allocated to the procurement of 14,611 airplanes.

Other appropriations in the bill included: Emergency fund of the President, $25,000,000; Office of War Information, $25,000,000; Office of Coordinator of Inter-American Affairs, $5,000,000; Office of Defense Transportation, $5,200,000; War Manpower Commission, $10,303,680; war housing, $600,000,000, and guayule rubber projects, $19,000,000.

The State Of Trade

The heavy industries continue to operate at high levels, though the loading of revenue freight for the week fell off 12,777 cars, to 890,469, compared with the preceding week this year, according to the Association of American Railroads. The latest figures were also 4,276 cars fewer than the corresponding week in 1941, but 95,672 cars above the same period two years ago. This week's total was 124.56% of average loadings for the corresponding week of the ten preceding years.

Production of electricity in the week ended Oct. 31st, was 3,774,891,000 kilowatt hours, compared with output of 3,752,571,000 kilowatt hours in the preceding week and 3,380,488,000 in the week last year, according to Edison Electric Institute reports. With all areas of the country showing gains over last year, the total was up 11.7% over the 1941 week.

Engineering construction volume for the short week due to the election day holiday totals $137,412,000, more than triple the volume for the corresponding 1941 week and above the $103,282,000 reported for the preceding week by Engineering News-Record. Federal construction accounts for 91% of the current week's total and is 428% higher than a year ago. The increased Federal volume boosts public construction 292% above last year. Private work, however, is 25% below the 1941 week.

The week's volume brings 1942 engineering construction to $8,461,997,000, an increase of 60% over the $5,294,419,000 reported for the 45-week period a year ago. Private work, $520,285,000, is 52% lower than in the 1941 period, but public construction, $7,941,712,000, is 88% higher as a result of the 138% gain in Federal work.

All records for total steel production were broken by a good margin by the American steel industry in October, with producers in the aggregate turning out more steel than their rated capacity indicated, according to the American Iron & Steel Institute. Larger scrap supply, it is estimated, enabled the mills to set the record.

Total steel output for October was announced at 7,584,864 net tons of ingots and castings, about 7% higher than the September total of 7,067,084 tons and nearly 349,000 tons larger than production in October of last year.

Department store sales on a country-wide basis were up 14% for the week ended Oct. 31st, compared with the like week a year ago, according to the weekly figures made public by the Board of Governors of the Federal Reserve System. Store sales were up 18% for the four week period ended Oct. 31st, compared with last year.

Department store sales in New York City in the last week ended Oct. 31st, were 19% larger than in the like 1941 week, and in the four weeks ended Oct. 31st, sales of this group of stores increased 14% over the corresponding period a year ago, the New York Federal Reserve Bank reported.

Unfavorable weather tended to check the upward sweep of retail sales during the week, although buying in many lines continued at record autumn levels, Dun & Bradstreet, Inc., reported in its weekly business review.

For the country as a whole, according to the Bradstreet survey, sales volume was estimated at 12% to 15% higher than a year ago. Best increases were made in the Southern and Pacific Coast regions.

Wholesale activity was reported as continuing at a brisk rate, with turnover in many markets running well above last year's levels. Retailers were found to be concentrating on securing additional holiday merchandise.

A new plan to control the flow of critical materials in order to increase war output has been announced by Donald M. Nelson, War Production Board chief. The aim is to "use every bit of critical material where it will do the most good." The plan, on reaching full operation next July 1st, will strip the civilian economy to the barest possible level at which it can operate. For example, only 1.5% of the nation's annual steel output will be available for civilian needs next year, while less than 1% of its copper will go into civilian products.

Ernest Kanzler, director general for operation of the War Production Board, disclosed recently in an address before the 23rd annual convention of the American Trade Association Executives that the nation's civilian economy is "going down at the rate of $1,000,000,000 a month." He stated: "Our civilian economy is going to be leaner during the balance of this war than we ever before thought possible." He added, however, that civilian production would not be "hit-or-miss" but would be governed by a definite program just as is that for the armed services.

Mr. Kanzler said that the new controlled-materials plan will gradually bring war production into balance and that by the third quarter of next year the country "should then have a balanced program and a firm system of controls in full operation."

October war costs were approximately $5,500,000,000, about the same as September figure, making an outgo of $20,250,000,000 in the first four months of the current fiscal year. This is four times the expenditure in the corresponding four months of 1941. Further evidence of the increased outgo for war is seen in Mr. Nelson's report stating that over-all munitions production in the United States in September was 7% greater than in August. President Roosevelt estimates that the Federal cash outlay for war will reach $74,000,000,000 in the fiscal year ending June 30, 1943. This means an expenditure of almost $54,000,000,000, or an average of $6,750,000,000 monthly over the next eight months. Achievement of this goal will of necessity mean further curtailment in civilian-goods production.

Wilson Promoted By Chicago Reserve Bank

H. Fred Wilson, Public Relations Counsel for the Federal Reserve Bank of Chicago, has been appointed Manager of Research & Statistics of the Reserve Bank, it is announced by C. S. Young, President of the bank. Mr. Wilson will be associated with John K. Langum, Assistant Vice-President, who is in charge of research activities for the Seventh Federal Reserve District. Mr. Wilson began his bank career with the Fort Dearborn National Bank in Chicago, in 1917, as Assistant Auditor. He was Advertising Counsel of the Continental Illinois National Bank & Trust Co. of Chicago, from 1922 to 1934, when he took over the direction of their education and training program. He left there in 1937 to become an account executive for a New York advertising agency and has been at the Federal Reserve Bank since the summer of 1940. Mr. Wilson received his academic training at the University of Chicago.

The appointment of Simeon E. Leland as Chairman of the Board of the Chicago Federal Reserve Bank was noted in our Nov. 5 issue, page 1640.

Warns Threats Of Manpower And Material Shortages Endanger Shipbuilding Objectives

Warning that the increasing loss of skilled manpower in shipyards caused by the draft and enlistments, together with material shortages in American shipyards, were threatening the attainment of national shipbuilding objectives, Lynn H. Korndorff, President of Federal Shipbuilding & Dry Dock Co., on Nov. 5 told members of the Chamber of Commerce of the State of New York that longer hours of labor may be necessary to prevent the shipbuilding program from suffering serious attacks. Mr. Korndorff said that cargo ship production of 6,000,000 tons in the first 10 months of 1942 showed that President Roosevelt's goal of 8,000,000 tons this year could be met if manpower and materials continue to be provided. But, he added, the volume of men and materials would have to be enormously increased next year if the 15,000,000-ton quota set by the President was to be achieved.

The shipbuilding industry could not rest complacently on the records it had established so far this year, he said. "As winter approaches, submarine sinkings are likely to increase," he continued. "The Axis threat is more sinkings because submarines can submerge deeper, can stay submerged longer, can cruise farther and are more efficient than ever. We cannot win this war simply by building ships to be sunk. We must build ships to sink submarines."

Mr. Korndorff said that two problems could hamper even if they did not stop the nation's shipbuilders. They were the supplying of materials and the growing shortage of manpower. "The answer to both lies with the United States Government," he said. "Whether a shipyard receives essential materials to carry out its ship construction contracts is a question of materials allocation which is in the hands of the Government as represented by the War Production Board." He added:

"The shipbuilding industry is doing everything within its power to train new men, and to replace those who leave with older men. It likewise is taking seriously the advice of Government authorities to employ women in shipbuilding.

"The question boils down to this: Can we expect to win the war by working 47.4 hours a week? Shipbuilders in Britain are working 57 hours a week. The answer, as in the instance of materials, must be given by our Government."

Mr. Korndorff is also indicated as saying that the unprecedented pick-up in American shipbuilding since our entry into the war was attributed not only to mass production methods adapted to the making of ships' parts, but also to the rapid increase in the number of shipyards. Mr. Korndorff urged that America and the United Nations not only must win the war, as well as the peace, but maintain our armament and continue shipbuilding afterward to safeguard our liberty and freedom.

In introducing Mr. Korndorff, Frederick E. Hasler, President of the Chamber, who presided at the meeting, said that "ships are the very life line of the global war we are fighting, where so much depends on the ability of the nation's shipbuilding industry to speed up production until it far outdistances any possible maximum of enemy destruction."

Newark News Raises Price

The Newark News effective as of November 2 raised its price to 4 cents. The paper said that the increased price was due to the steadily rising costs of publishing a newspaper in wartime and to the reduction in advertising revenue.

WPB Approves Pipeline Extension To East Coast

The War Production Board announced on Oct. 28 that the Texas-Illinois pipeline now under construction will be extended to the Atlantic seaboard. Donald M. Nelson, Chairman of the WPB, said that 224,000 tons of steel will be allocated for the extension.

This action had been recommended by Petroleum Coordinator Harold L. Ickes as a means of assuring the delivery of 300,000 barrels of crude oil daily to the Eastern seaboard. Associated Press Washington accounts reported:

Construction work on the extension awaits completion of the 530-mile leg now being laid between Longview, Tex., and Norris City, and the transfer of construction crews to work sites along the route to the east coast. The Longview-Norris City leg is scheduled to be completed in December, but Secretary Ickes said on Nov. 1 that this may be sooner, in view of the fact that 65% of the line —more than 345 miles—is now laid.

Ralph K. Davies, Deputy Petroleum Coordinator, predicted the first deliveries to the east coast will be made by June 1.

From Norris City the line will extend across Indiana and Ohio to Phoenixville, Pa., from where branch lines will be laid to the Philadelphia and New York areas. Twenty-five pumping stations will force the oil from Longview to terminals at the New York-Philadelphia refinery district.

Expected to ease the overflow pressure which has forced shutting down of some Southwestern oil fields for lack of an outlet, the 1,380-mile line will be 24 inches all the way to Phoenixville, at least, Mr. Ickes said. It is being built for the Government by War Emergency Pipeline, Inc., an organization of the petroleum industry.

The Texas-Illinois pipeline was referred to in these columns July 23, page 275.

Urges Plants To Set Up Transportation Plans

Certain industrial and other plants with 100 employees or more will be required to set up Organized Transportation Plans under nation-wide mileage rationing to assure workers adequate means of getting to their jobs despite rationing restrictions, the Office of Price Administration announced Oct. 28 acting in accord with the national rubber conservation program. The OPA announcement says:

"The Transportation Plan, in each case, will be organized under a committee, or individual, thoroughly familiar with transportation facilities around the plant, with distances employees must travel, their need for autos to get them to and from work, and their ability to share cars.

"The committee, or official, in charge of each Organized Transportation Plan, should be a joint management-labor group, OPA officials said, or a similar group or individual appointed by agreement between management and labor representatives.

"Under the new OPA mileage regulations, this committee must review the application of all employees at such establishments seeking more gasoline rations than the basic A book provides. Committee approval must be obtained before the application is submitted to a local War Price and Rationing Board.

"Urging the affected plants to set up their Transportation Plans at once, OPA officials pointed out that local rationing boards will begin receiving applications for supplemental rations on Nov. 12. This means that transportation committees should be organized in the plants before that date."

From Washington

(Continued from first page)

be attempted by the new Congress is to get a reexamination of the appropriations it has provided for the countless agencies. It can do this, and will attempt to do it, by rescinding all unexpended appropriations which run up to around $100,000,000,000. It is important that it do this because as long as the bureaucrats have this money they aren't likely to pay any attention to any legislation restricting them which Congress might pass. Congress has got to regain control of the purse strings to exercise its influence. To do this it can make every agency come back to Congress and justify the funds it has already been given and those which it seeks. Running through this procedure will be Congress' determination to cut down appreciably on the civilian personnel, even the civilian personnel of the War Department. One Senator, who will have influence, intends to seek a resolution by both House and Senate, to be used as a measuring stick, calling for a horizontal reduction of 50%. There are competent authorities who believe such a drastic reduction would be conducive to the conduct of the war.

With a view to helping small business and encouraging civilian production there will be a definite move against the 40-hour work week. Bills to this effect have, in fact, already been introduced, but when it comes around to serious consideration of them, several factors will militate against any excited rolling back of Labor's so-called social gains. Foremost will be the determination of the rejuvenated Republican Party not to become stamped as a deliberate anti-labor party. Secondly, influences in both parties as well as industrial influences do not want to run the risk of labor disorders which they believe would follow an outright reduction of workers' weekly earnings. What is likely to emerge will be some arrangement whereby the workers now employed in big war plants and enjoying the 40-hour week with time and a half for a longer week under a union contract, will continue to receive this protection but relief will be given to the smaller employer who is not now working his employees more than 40 hours a week because he can't stand the time and a half for overtime.

Instead of there being any drastic onslaught against labor, such as outright repeal of the Wagner Act, the strengthened Congress will serve more as a warning against the labor excesses which have taken place. Already, the more radical labor leaders have been wholesomely affected by the election overturn, and similarly the hands of those leaders who have foreseen this reaction, have been strengthened.

There will undoubtedly be several investigating committees set up to throw the spotlight on the conduct of the war and what is going on in the bureaucracy under the guise of war's necessities.

The most important thing, however, will be for Congress to regain its power. And this it can only accomplish by bringing the Bureaucrats to the bar, lopping off their personnel and getting a firm hand over the appropriations that have been given them. This is where the real fight will come.

Govt. Must Supplement Private Business In Providing Post War Employment, Says Chase

America must rely on private enterprise and the profit motive to do the main job of creating and maintaining full employment after the war is over; but we should be prepared to supplement private enterprise with a program of public works and Government expenditures big enough to provide needed facilities and services and take up the slack in employment. This conclusion is reached by Stuart Chase, writer on economic subjects, in a special report on postwar problems which he is now completing for The Twentieth Century Fund. Advance portions of the report, titled "Goals for America: A Budget of our Needs and Resources," were made public by the Fund on Oct. 25. Pointing to the universally acknowledged goal of full employment and full production in postwar America, Mr. Chase warns against any ill-advised attempt to overturn the economic system in order to achieve it. He says:

"We have an enormous private business machine already functioning. It would be the height of folly to tear it up by the roots. Even in the war, while most producers no longer have to think much about pushing their sales, and many important decisions have left their hands, their organizations are still in being and most of them will be so after the war. We should use them. Employ the profit motive as widely as possible. Encourage businessmen to do all they can, and to take responsibility wherever they can. The critical point is to have in the federal government a conning-tower control charged with the duty of plugging any gaps in the front of full employment.

"If private businessmen do not want to undertake mass housing except with government financing, then arrange the financing. If doctors are unable to take care of all sick people on the orthodox fee basis, then make it possible to help doctors take care of all sick people. If private business cannot absorb all the unemployed—and it probably cannot—keep the great public works programs going side-by-side with private business."

Mr. Chase urges a new and wider concept of public works. "Broadly interpreted, public works include not only physical things that are built, but also services rendered in the public interest and administered by the government." Elaborating this latter point, Mr. Chase says:

"We come to a decision of critical importance. We can put the unemployed on the dole, or at raking leaves, which would mean that we had won the war and lost the peace. Or we can challenge our citizens with the greatest, most splendid, most uplifting series of public works which any civilization ever dreamed of.

"I have touched on them—whole cities to be rebuilt and decentralized; mighty watersheds to be tamed, like that of the Tennessee; the forests of America to be put on a perpetual yield basis, the grasslands to be restored, the entire transport system to be integrated; civic centers, libraries, museums, research laboratories, universities, public buildings to reflect an aspiring culture in a new architecture, and reflect it too in sculpture, painting, music, the theatre.

"Room can be found in such projects for all the man power we have available. When technology again gives us a surplus of man power some day—as it surely will—then hours of daily labor can come down, vacation periods grow longer."

New Dwellings Decrease

Construction was started on 394,000 new dwelling units in non-farm areas during the first nine months of 1942, principally to provide homes for war workers, Secretary of Labor Perkins reported on Oct. 31. "In spite of an increase of more than 60% in the number of publicly financed family dwelling units put under construction contracts, the number of new dwelling units started during the first nine months of 1942 represents a decrease of 32% as compared with the corresponding period of 1941," she said. "The 48% decrease in the number of new privately financed dwelling units reflects the War Production Board's order of April 9 halting virtually all new building unless essential to the conduct of the war. The Bureau of Labor Statistics estimates the permit valuations of the new dwelling units put under construction in non-farm areas during the first nine months of 1942 to aggregate approximately $1,237,000,000. The non-farm area of the United States, as defined by the Bureau of the Census, includes all urban places and all rural places except farms."

Secretary Perkins further stated:

"Publicly financed projects for which construction contracts were awarded during the first nine months of 1942 will provide accomodations for 133,949 families. All of the 131,984 units under the jurisdiction of the Federal Public Housing Authority are reserved for war workers or families of military personnel. During the first nine months of 1941, 82,882 units, of which 76,415 were reserved for war workers, were put under construction contract in publicly financed projects. By the end of September 1942, the Federally financed war housing program had completed or under construction contract a total of 252,785 dwelling units in continental United States, not including dormitories, trailers, or portable units.

"One-family dwellings comprised approximately 82% of the total units started during the first nine months of 1942; 2-family dwellings accounted for 4%; and apartment houses for 14%. During the first nine months of 1941, 85% of the new units were of the 1-family type, 5% were of the 2-family type, and 10% were in multi-family structures. Privately financed multi-family units decreased 36%, but this was almost entirely offset by several large public projects including projects with a total of 11,529 temporary "war apartments." As a result, multi-family units started in the first nine months of 1942 decreased only 3% from the number started during the same period in 1941 while 1-family and 2-family units decreased 35 and 40%, respectively."

Postage On Civil Airmail Received Thru Army-Navy

Postmaster Albert Goldman of New York City announces on Oct. 28 that the air mail rate of 6 cents per half ounce or fraction thereof heretofore applicable to air mail to and from the personnel of the armed forces of the United States stationed outside the continental United States has been extended to air mail sent to or by contractors and civilian employees receiving mail through Army or Navy post offices outside the continental United States. The announcement added:

"Air mail sent by or to contractors and civilian employees under this regulation must show in the return card or address, as the case may be, that it is sent from or to an Army or Navy post office.

"The foregoing does not affect the present air mail rate to and from Alaska which is 6 cents for each ounce or fraction thereof."

President Gives Congress Report On Plan For Post-War Transport

President Roosevelt transmitted to Congress on Nov. 5 a report of the National Resources Planning Board recommending that all of the nation's railroad, highway, air and water transportation facilities be placed under a national transportation agency to plan post-war modernization of the system.

The report was made over a two-year period by an advisory committee of the NRPB, headed by Owen D. Young.

The Associated Press had the following to say regarding the report:

The committee visualized a demand of the nation after the war for cheaper, faster, better service.

The period of let-down from war production, the committee said, will be ideal for both public and private expenditure of money to create the desired transportation facilities, and at the same time make jobs for former soldiers and war workers.

"It is abundantly clear," the committee said, "that with the return of peace, the shackles will be broken and transport-rationed people will demand and secure a vastly enlarged system of highways, airways and to a lesser degree waterways that will overshadow all the progress of the past."

The railroads were pictured as a special problem, for which some—yet undevised—means must be found to provide government money for modernization, consolidation and reorganization.

In the motor field, the committee's comment follows:

"War conditions provide an excellent opportunity in the highway transportation industry for the redesign of automotive equipment along functional lines; and for the planning of a modern inter-regional highway system and urban express routes to accommodate the automobile of the future.

"Major emphasis in future highway development must be directed to the provision of express highways and off-street parking in urban areas."

Partly through government action and partly through more efficient operation and competition, the committee foresaw a reduction in the cost of transportation.

"A major objective for the future," the group said, "must be a lower level of rates and fares in the transport industry to place the rate structure in a more favorable position with respect to other prices, in order that restrictions on movement may be minimized"

The committee suggested that all Federal agencies dealing with transportation be amalgamated in a "national transportation agency," which would have broad powers both for direct action and for co-operative projects with state and local governments.

The agency, it was suggested, should have power to plan and order the consolidation of the nation's railways into "a limited number of systems arranged along regional lines, but avoiding systems of excessive size."

It would also have power to buy or acquire land to be used not only by the Federal, but also state and local governments, in building new highways, terminal facilities and supplying other transportation needs.

The agency also would be authorized to revise and simplify the whole system of determining rates and fares.

Another recommendation was that both the employers and the employes of the various branches of the transportation industry should be organized into nationwide organizations to settle all kinds of questions including wages, service, and benefits .

It is further proposed in the report that the Committee be given power to buy or acquire land to be used not only by the Federal, but also State and local governments, in building new highways, terminal facilities and supplying other transportation needs.

$2 Billion Treasury Offering Allotted

The subscription books for the cash offering on Oct. 26 of $2,000,000,000 of ⅞% Treasury Certificates of Indebtedness of Series D-1943 were closed at the close of business on Oct. 27.

The Treasury Department announced on Oct. 31 that subscriptions totaled $3,105,014,000 and allotments were $2,035,131,000. Of the total subscriptions, about $667,000,000 were allotted in full to all subscribers other than banks accepting demand deposits, $64,000,000 were allotted in full to banks entering subscriptions for not more than $25,000, and the remainder, representing subscriptions from banks for more than $25,000, were allotted 55%, but not less than $25,000 on any one subscription, with adjustments, where necessary, to the $1,000 denomination.

Subscriptions and allotments were divided among the several Federal Reserve Districts as follows:

Federal Reserve District	Total Subscriptions Received	Total Subscriptions Allotted
Boston	$170,228,000	$111,986,000
New York	1,615,675,000	1,095,747,000
Philadelphia	95,511,000	57,868,000
Cleveland	163,145,000	104,399,000
Richmond	105,041,000	66,746,000
Atlanta	81,277,000	48,196,000
Chicago	405,158,000	256,430,000
St. Louis	92,122,000	54,785,000
Minneapolis	41,366,000	26,290,000
Kansas City	85,157,000	51,311,000
Dallas	36,409,000	21,709,000
San Francisco	210,925,000	139,664,000
Total	$3,105,014,000	$2,035,131,000

The proceeds will be used to retire $1,507,000,000 of ½% Certificates of Indebtedness of Series A-1942, due on Nov. 1, and to obtain about $500,000,000 of "new money." This new financing brings the total of Treasury borrowings for October over the $6,000,000,000 mark. On Oct. 8-9 the Treasury offered and sold $4,100,000,000 of 2% bonds of 1950-52 and 1½% notes of 1946.

In order to insure widespread participation not only on the part of banks, but by corporations and others who may be interested in this type of security, the subscription books remained open two days and there were no restrictions as to the basis for subscribing to this issue. At their maturity, the certificates will be redeemed in cash, and will carry no exchange privileges.

The following regarding the new certificates is from the Treasury's announcement:

The certificates will be dated Nov. 2, 1942, will be payable on Nov. 1, 1943, and will bear interest at the rate of ⅞ of 1% per annum, payable on a semiannual basis on May 1 and Nov. 1, 1943. They will be issued in bearer form only, with two interest coupons attached, in denominations of $1,000, $5,000, $10,000 and $100,000.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the certificates 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 cricular released today.

When the Treasury resumed the offering of certificates of indebtedness in April, 1942, the securities industry was asked by the Secretary to call attention of non-banking investors to the issue. This procedure resulted in considerable distribution outside the banking system. It is expected the Victory Fund Committee will approach the same types of purchasers, calling attention to the new series now offered.

Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington. Banking institutions and securities 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 from banks and trust companies for their own account will be received without deposit, but subscriptions from all others must be accompanied by payment of 2% of the amount of certificates applied for.

Subject to the usual reservations and within the amount of the offering, subscriptions for amounts not exceeding $25,000 from banks which accept demand deposits, and subscriptions in any amount from all other subscribers, will be allotted in full; subscriptions for amounts over $25,000 from banks which accept demand deposits will be allotted on an equal percentage basis, to be publicly announced.

Payment for any certificates allotted must be completed on or before Nov. 2, 1942, or on later allotment. As previously announced, Treasury Certificates of Indebtedness of Series A-1942, which mature Nov. 1, carry no exchange privileges, but such maturing certificates will be accepted at par in payment for any certificates of the series now offered which may be allotted.

Non-Farm Foreclosures

The declining significance of non-farm mortgage foreclosures in the national economy is emphasized by a drop of 27% in the number of cases during the first three quarters of 1942, as compared with 1941, the Federal Home Loan Bank Administration reported on Nov. 7. Likewise, the 1941 total was 21% below the same period in 1940. From January to September, foreclosures totaled 33,064 in 1942, 45,432 in 1941 and 57,534 in 1940.

A more than seasonal rise, it is stated, brought September figures to 3,360, as against 3,072 in August, but the total for the month was still 23% below September, 1941. The August to September rise was largely accounted for by the figures reported from one State.

The non-farm foreclosure index (1935-1939=100) stood at 25.3% for September. The peak since 1926, when such reports were first compiled was in 1933, when the foreclosure index reached 161. Over the past seven years, foreclosure rates in relation to population have been consistently lower in the western and middle-western areas of the United States.

Producers' Council Meeting In Pittsburgh

The semi-annual meeting of the Producers' Council will be held in Pittsburgh on Nov. 17 and 18. The Council looks upon its annual and semi-annual meetings as open meetings for the entire building products producing industry—non-members as well as members—and a general invitation is extended. The committee organization for the study of post-war planning, authorized by the annual meeting of the Council last June, has been completed, and the initial meetings of these committees will be held at the forthcoming semi-annual meeting in Pittsburgh, Nov. 17 and 18.

The meeting will devote major consideration to current problems confronting manufacturers of building materials and equipment—that is (1) markets or demands for building products, (2) man-power problems and (3) proposed concentration of manufacturing.

Extension Of Unemployment Insurance Coverage And Benefits Is Recommended

Stressing the belief that America's labor force is entitled to the fullest possible protection against periods of idleness, New York City Welfare Commissioner William Hodson recommended in a report submitted to Mayor LaGuardia on Nov. 2 that unemployment insurance coverage be extended to include more workers, especially those employed in small business establishments and that benefits be increased, particularly for large families, by allowing an extra differential for those families having one or more dependents. Commissioner Hodson's report was based on a joint study made by the Department of Welfare and the New York Unemployment Insurance Advisory Council. It shows the extent to which a group of relief recipients—(12,113 persons in 4,416 family units)—accepted over a five-week period have been affected by Unemployment Insurance. Commissioner Hodson said:

"Our study shows conclusively that most of the unemployed but employable relief recipients were excluded from unemployment insurance benefits. This was particularly true of the provision which excludes persons employed in establishments with fewer than four employees because so many of our small business concerns here employ less than four persons. Thus men and women working in small concerns are at a distinct disadvantage. In like manner large families are also at a disadvantage because the law provides no differential at the present time for the number of dependents the worker covered by unemployment insurance may have. Our study showed that even during the time such a family was in receipt of unemployment insurance benefits it was necessary to have these benefits supplemented by relief money in order that a minimum standard of living might be maintained."

In referring to the inadequacy of unemployment insurance benefits for large families, Commissioner Hodson pointed out that the relief allowance which is based on the individual needs of all members of the family group, and consequently varies with the size of the family, was substantially higher for large families than the amount provided through the unemployment insurance benefit, which is a fixed sum. On the other hand, he said, the unemployment insurance benefit is larger than the relief allowance in cases where only a single individual is involved. The same is true in about half of the two-person families.

From a summary of Commissioner Hodson's unemployment insurance study we take the following:

"The survey covers 12,113 persons in 4,416 family units, including unattached persons. There were 4,565 persons under 16 and 7,548 adults. The average size of the family unit was 2.74 persons.

"Of the adults, 2,755, or 36.5%, were formerly employed. Of the formerly employed 65.2% were male, 34.8% female; 70.2% white, and 29.8% non-white. Almost 53% of the formerly employed were in the age group 25 through 44 while 29.6% were 45 or over.

"One-third of the formerly employed persons were accepted for home relief four weeks or less after loss of last employment and two-thirds were accepted within the first three months.

"On the average, each formerly employed person had been unemployed for 20 weeks since loss of last employment.

* * *

"Of the 2,755 formerly employed persons, 2,217 did not qualify for unemployment insurance in the benefit year during which this study was made. About 42% of these were not eligible because they were not covered by the New York State Unemployment Insurance Law, the great majority of them having been employed formerly in establishments having fewer than four employees. Over 36% did not have sufficient earnings in the base year to qualify for unemployment insurance, though they had been in covered employment."

It is also noted in the announcement regarding the study that:

"In 1942 the New York State Unemployment Insurance Law was amended: Beginning June 1, 1942, the maximum benefit rate is $18 instead of $15 a week, the benefits are paid for a period of 20 weeks instead of 13, the waiting period is reduced from three to two weeks. Beginning December, 1942, unemployment insurance will be extended to partially unemployed workers."

War Training At 8 Years Decreed In Russia

The Council of People's Commissars at Moscow on Oct. 29 issued a decree introducing military training in Russian elementary schools and ordered all boys and girls to start training under Red Army officers, beginning with their fourth school year, said United Press advices from Moscow on Oct. 29, which added:

"Training will begin at the age of eight years and continue to 18," the decree said: "The decree broadens universal military training in Russia to include virtually the entire population, as it already was required for all able-bodied adults up to 55 years.

"Under the new program boys will be trained in both single-handed fighting and platoon exercises. Girls will be taught to be war nurses or radio or telephone operators. The courses will be under direction of the War Commissariat.

"During the first and second years of training pupils will have one hour of instruction a week, and in the third and fourth years two hours. From the fifth to the tenth year the periods will be five hours a week and will include instruction in throwing hand grenades, firing a rifle, machine-gun drill, anti-tank exercises and tactical studies.

"The courses will include also chemistry, skiing, hand-to-hand combat and marches up to 12 miles. Boys in their eighth and ninth school years will pass two weeks in military camps studying topography, tactics and construction of trenches and dugouts."

To Speed Plane Mfr.

Charles E. Wilson, who recently resigned as President of the General Electric Co. to become a Vice Chairman of the War Production Board, will first concentrate on speeding up aircraft production, it is reported. When he was appointed to the WPB post in September, Chairman Donald M. Nelson said that Mr. Wilson would be the "top production authority in the war program and will have the responsibility of seeing to it that programs and schedules for all phases of our war effort are met" (this was noted in our Oct. 1 issue, page 1186). Although Mr. Wilson's authority has not been formally outlined, it is understood he will shortly be assigned control over the whole military production program, beginning with plans to stimulate war plane production.

Salary Regulations Setting $25,000 Maximum Issued By Economic Stabilization Director

(Continued from first page)

means the Commissioner of Internal Revenue.

(d) The term "Code" means the Internal Revenue Code, as amended and supplemented.

(e) The term "salary" or "salary payments" means all forms of direct or indirect compensation which is computed on a weekly, monthly, annual or other comparable basis, except a wage basis, for personal services of an employee irrespective of when rendered, including bonuses, additional compensation, gifts, loans, commissions, fees, and any other remuneration in any form or medium whatsoever (excluding insurance and pension benefits in a reasonable amount).

(f) The term "salary rate" means the rate or other basis at which the salary for any particular work or service is computed either under the terms of a contract or agreement or in conformity with an established custom or usage.

(g) The term "wages" or "wage payments" means all forms of direct or indirect compensation which is computed on an hourly or daily basis, a piece-work basis, or other comparable basis, for personal services of an employee irrespective of when rendered, including bonuses, additional compensation, gifts, commissions, loans, fees, and any other remuneration in any form or medium whatsoever (but excluding insurance and pension benefits in a reasonable amount).

(h) The term "insurance and pension benefits in a reasonable amount" means

(1) contributions by an employer to an employees' trust or under an annuity plan which meets the requirements of section 165(a) of the Code, and

(2) amounts paid by an employer on account of premiums on insurance on the life of the employee which amounts are deductible by the employer under section 23(a) of the Code, except that if such amounts are includible in the gross income of the employee under the Code, the amount in respect of each employee may not exceed five percent of the employee's annual salary or wages determined without the inclusion of insurance and pension benefits.

(i) The terms "approval by the Board" and "determination by the Board" shall, except as may be otherwise provided in the regulations or orders of the Board, include an approval or determination by an agent of the Board duly authorized to perform such act; and such approval or determination, if subsequently modified or reversed by the Board, shall nevertheless for the purpose of these regulations, be deemed to have been continuously in effect from its original date until the first day of the payroll period immediately following the reversal or modification or until such later date as the Board may direct.

(j) The terms "approval by the Commissioner" and "determination by the Commissioner" shall, except as may be otherwise provided in regulations prescribed by the Commissioner, include an approval or determination by an agent of the Commissioner duly authorized to perform such act; and such approval or determination, if subsequently modified or reversed by the Commissioner, shall nevertheless for the purpose of these regulations, be deemed to have been continuously in effect from its original date until the first day of the payroll immediately following reversal or modification or until such later date as the Commissioner may direct.

Sec. 4001.2—Authority of National War Labor Board — The Board shall, subject to the provisions of sections 1, 2, 3, 4, 8, and 9 of Title II of Executive Order No. 9250, of Oct. 3, 1942, have authority to determine whether any —

(a) Wage payments, or

(b) Salary payments to an employee totaling in amount not in excess of $5,000 per annum where such employee

(1) in his relations with his employer is represented by a duly recognized or certified labor organization, or

(2) is not employed in a bona fide executive, administrative or professional capacity are made in contravention of the Act, or any rulings, orders or regulations promulgated thereunder. Any such determination by the Board, made under rulings and order issued by it, that a payment is in contravention of the Act, or any rulings, orders, or regulations promulgated thereunder, shall be conclusive upon all Executive Departments and agencies of the Government in determining the costs or expenses of any employer for the purpose of any law or regulation, either heretofore or hereafter enacted or promulgated, including the Emergency Price Control Act of 1942 or any maximum price regulation thereof, or for the purpose of calculating deductions under the revenue laws of the United States, or for the purpose of determining costs or expenses under any contract made by or on behalf of the United States. Any determination of the Board made pursuant to the authority conferred on it shall be final and shall not be subject to review by The Tax Court of the United States or by any court in any civil proceedings.

Sec. 4001.3—Rules, Orders and Regulations of Board—The Board may make such rulings and issue such orders or regulations as it deems necessary to enforce and otherwise carry out the provisions of these regulations.

Sec. 4001.4 — Authority of the Commissioner of Internal Revenue — The Commissioner shall have authority to determine, under regulations to be prescribed by him with the approval of the Secretary of the Treasury, whether any salary payments other than those specified in paragraph (b) of section 4001.2 of these regulations are made in contravention of the Act, or any regulations or rulings promulgated thereunder. Any such determination by the Commissioner, made under such regulations, that a payment is in contravention of the Act, or any rulings or regulations promulgated thereunder, shall be conclusive upon all Executive Departments and agencies of the Government in determining the costs or expenses of any employer for the purpose of any law or regulations, either heretofore or hereafter enacted or promulgated, including the Emergency Price Control Act of 1942 or any maximum price regulation thereof, or for the purpose of calculating deductions under the revenue laws of the United States, or for the purpose of determining costs or expenses under any contract made by or on behalf of the United States. Any determination of the Commissioner made pursuant to the authority conferred on him shall be final and shall not be subject to review by The Tax Court of the United States or by any court in any civil proceedings. No increase in a salary rate approved by the Commissioner shall result in any substantial increase of the level of costs or shall furnish the basis either to increase price ceilings of the commodity or service involved or to resist otherwise justifiable reductions in such price ceilings.

Sec. 4001.5—Rules and Regulations of Commissioner — The Commissioner may prescribe such regulations with the approval of the Secretary of the Treasury, and make such rulings as he deems necessary, to enforce and otherwise carry out the provisions of these regulations.

Sec. 4001.6—Salary Increases—In the case of a salary rate of $5,000 or less per annum existing on the date of the approval of these regulations by the President and in the case of a salary rate of more than $5,000 per annum existing on Oct. 3, 1942, no increase shall be made by the employer except as provided in regulations, rulings, or orders promulgated under the authority of these regulations. Except as herein provided, any increase made after such respective dates shall be considered in contravention of the Act and the regulations, rulings, or orders promulgated thereunder from the date of the payment if such increase is made prior to the approval of the Board or the Commissioner, as the case may be.

In the case, however, of an increase made in accordance with the terms of a salary agreement or salary rate schedule and as a result of

(a) individual promotions or reclassifications,

(b) individual merit increases within established salary rate ranges,

(c) operation of an established plan of salary increases based on length of service,

(d) increased productivity under incentive plans,

(e) operation of a trainee system, or

(f) such other reasons or circumstances as may be prescribed in orders, rulings, or regulations, promulgated under the authority of these regulations,

no prior approval of the Board or the Commissioner is required. No such increase shall result in any substantial increase of the level of costs or shall furnish the basis either to increase price ceilings of the commodity or service involved or to resist otherwise justifiable reductions in such price ceilings.

Sec. 4001.7—Decreases in salaries of less than $5,000—In the case of a salary rate existing as of the close of Oct. 3, 1942, under which an employee is paid a salary of less than $5,000 per annum for any particular work, no decrease shall be made by the employer below the highest salary rate paid for such work between Jan. 1, 1942, and Sept. 15, 1942, unless to correct gross inequities or to aid in the effective prosecution of the war. Any decrease in such salary rate after Oct. 3, 1942, shall be considered in contravention of the Act and the regulations, rulings, or orders promulgated thereunder if such decrease is made prior to the approval of the Board or the Commissioner, as the case may be.

Sec. 4001.8—Decreases in salaries of over $5,000—In the case of a salary rate existing as of the close of Oct. 3, 1942, under which an employee is paid a salary of $5,000 or more per annum, no decrease in such rate made by the employer shall be considered in contravention of the Act and the regulations promulgated thereunder (see section 5 (b) of the Act); provided, however, that if by virtue of such decrease the new salary paid to the employee is less than $5,000 per annum, then the validity of such decrease below $5,000 shall be determined under the provisions of section 4001.7 of these regulations.

Sec. 4001.9—Limitation on Certain Salaries—(a) No amount of salary (exclusive of any amounts allowable under paragraphs (b) and (c) of this section) shall be paid or authorized to be paid to or accrued to the account of any employee or received by him during the taxable year which, after reduction by the Federal income taxes on the amount of such salary, would exceed $25,000. The amount of such Federal income taxes shall be determined (1) by applying to the total amount of salary (exclusive of any amounts allowable under paragraphs (b) and (c) of this section) paid or accrued during the taxable year, undiminished by any deductions, the rates of taxes imposed by Chapter 1 of the Code (not including section 466) as if such amount of salary were the net income (after the allowance of credits applicable thereto), the surtax net income, and the Victory tax net income, respectively, and (2) without allowance of any credits against any of such taxes.

(b) In any case in which an employee establishes that his income from all sources is insufficient to meet payments customarily made to charitable, educational or other organizations described in section 23 (o) of the Code, without resulting in undue hardship, then an additional amount sufficient to meet such payments may be paid or authorized to be paid to or accrued to the account of any employee or received by him during the taxable year even though it exceeds the amount otherwise computed under paragraph (a).

(c) In any case in which an employee establishes that, after resorting to his income from all sources, he is unable, without disposing of assets at a substantial financial loss resulting in undue hardship, to meet payments for the following:

(1) Required payments (excluding accelerated payments) by the employee during the taxable year on any life insurance policies on his life which were in force on Oct. 3, 1942,

(2) Required payments (excluding accelerated payments) made by the employee during the taxable year on any fixed obligations for which he was obligated on Oct. 3, 1942,

(3) Federal income taxes of the employee for prior taxable years which are paid during the taxable year, not including Federal income taxes on the allowance under paragraph (a) for any prior year, an additional amount sufficient to meet such payments may be paid or authorized to be paid to or accrued to the account of any employee or received by him during the taxable year, even though it exceeds the amount otherwise computed under paragraph (a).

(d) In the case of an individual who is an employee of more than one person, the aggregate of the salaries received by such individual shall, under such circumstances as may be set forth in regulations promulgated under the authority of these regulations, be treated as if paid by a single employer.

(e) No amount of salary shall be paid or authorized to be paid to or accrued to the account of any employee or received by him after the date of approval of these regulations by the President and before Jan 1, 1943, if the total salary paid, authorized, accrued or received for the calendar year 1942 exceeds the amount of salary which would otherwise be allowable under paragraph (a) of this section and also exceeds the total salary paid, authorized, accrued or received for the calendar year 1941.

(f) Except as provided in paragraph (e) of this section, the provisions of this section shall be applicable to salary paid or accrued after Dec. 31, 1942, regardless of when authorized and regardless of any contract or agreement made before or after such date.

Sec. 4001.10—Effect of unlawful payments—(a) If any wage or salary payment is made in contravention of the Act or the regulations, rulings or orders promulgated thereunder, as determined by the Board or the Commissioner, as the case may be, the entire amount of such payment shall be disregarded by the Executive Departments and all other agencies of the Government in determining the costs or expenses of any employer for the purpose of any law or regulation, including the Emergency Price Control Act of 1942, or any maximum price regulation thereof, or for the purpose of calculating deductions under the revenue laws of the United States, or for the purpose of determining costs or expenses of any contract made by or on behalf of the United States. The term "law or regulations" as used herein includes any law or regulation hereafter enacted or promulgated. In the case of wages or salaries decreased in contravention of the Act or regulations, rulings or orders promulgated thereunder, the amount to be disregarded is the amount of the wage or salary paid or accrued. In the case of wages or salaries increased in contravention of the Act or regulations, rulings or orders promulgated thereunder, the amount to be disregarded in the amount of the wage or salary paid or accrued and not merely an amount representing an increase in such wage or salary. In the case of a salary in excess of the amount allowable under section 4001.9 of these regulations which is paid or accrued to an employee during his taxable year in contravention of the Act or regulations, rulings or orders promulgated thereunder, the amount to be disregarded is the full amount of such salary and not merely the amount representing the excess over the amount allowable under such section 4001.9.

(b) Payments made or received in violation of any regulations, rulings or orders promulgated under the authority of the Act are subject to the penal provisions of the Act.

Sec. 4001.11—Exempt employers—The provisions of sections 4001.6, 4001.7 and 4001.8 of these regulations shall apply only in the case of an employer who employs more than eight individuals.

Sec. 4001.12 — Salary Allowances under Internal Revenue Code—No provision of these regulations shall preclude the Commissioner from disallowing as a deduction in computing Federal income tax any compensation paid by an employer (regardless of the number of employees and of the amount paid to any employee) in excess of a "reasonable allowance" in accordance with the provisions of section 23 (a) of the Code.

Sec. 4001.13—Statutory Salaries and Wages—These regulations shall be applicable to any salary or wages paid by the United States, any State, Territory or possession, or political subdivision thereof, the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, except where the amount of such salary or wages is fixed by statute.

Sec. 4001.14 — Territories and Possessions—The Board and the Commissioner shall have the authority to exempt from the operation of these regulations any wages or salaries paid in any Territory or possession of the United States where deemed necessary for the effective administration of the Act and these regulations.

Sec. 4001.15 — Regulations of Economic Stabilization Director—The Director shall have authority to issue such regulations as he deems necessary to amend or modify these regulations.

Sec. 4001.16—Effect of Executive Order No. 9250—To the extent that the provisions of Executive Order No. 9250, dated Oct. 3, 1942 (7 F. R. 7871) are inconsistent with these regulations, such provisions are hereby superseded.

JAMES F. BYRNES
Economic Stabilization Director

Approved:
Franklin D. Roosevelt
The White House
Oct. 27, 1942.

Britain Has Cut 'Unessential' Production To As Little As 10% Of Normal To Achieve War Output

To achieve its present unequalled per capita war output, Great Britain has reduced "unessential" production in some instances to as little as 10% of normal, and in no case permits such production to exceed 35% of normal, according to a study of British war production controls by the National Industrial Conference Board. "Those industries and trades," the Board says, "which could not convert directly to war production have been forced by governmental policy to free raw materials, labor, machinery, and factory space for use in the war program."

Insured workers in 30 consumers' goods industries, according to the Board, declined from about 1,000,000 at the beginning of the war to about 700,000 in the spring of 1941 when the so-called "concentration of industries" plan was invoked. The concentration plan procedures released a further 250,000 up to July, 1942. "The measures taken represent a radical innovation which has been carried out with a fair measure of success," the Board adds.

In discussing British contraction of consumers' goods industries, the Board on Nov. 2 said:

"The mobilization of Great Britain's resources for total war has produced many drastic changes in her productive structure. Under normal conditions these changes would have been considered impossible. The concentration program for the consumers' goods industry is one of the most radical of these innovations. British Production Minister, Oliver Lyttelton, recently announced that new measures would soon require the 'reallocation of industry' in general.

"British contraction has progressed through three stages. The initial restrictions by raw material controls and quota limitations on sales to retailers were supplemented in March, 1941, by the policy of 'concentration of production,' in which a few factories were designated as nucleus firms to take over the quotas of closed-out firms and produce the total amount allowed. The third, or present, stage calls for the production of only standard, fixed-price, 'utility' goods in a quantity closely calculated to satisfy essential civilian needs.

"This program has released an important number of skilled workers and machines as well as factory space for more essential uses. At the outset of the war, the controlled industries employed over 1,000,000 insured workers. By July, 1942, this number had fallen to approximately 450,000. Some 55,000,000 square feet of factory space has been released."

Concerning methods of "concentrating production," the Board has the following to say:

"Voluntary schemes predominate in the larger industries, such as pottery and hosiery, in which 80% and 70%, respectively, of the firms are covered by voluntary schemes. The principle of cooperative designation of nucleus firms was more difficult to apply in industries consisting of a large number of smaller units, such as jewelry, toy and sports goods, or of a small number of large but scattered units.

"Five broad methods for absorbing quotas have been used:

"1. Agency Agreement: The nucleus firm agrees to manufacture at cost for the closed firms, which then distribute the goods through their own selling organization, and under their own brands.

"2. Transfer of Quota: The closed firms sell their quotas to the nucleus firms for a specific sum.

"3. Levy and Compensation: The nucleus firms pay a levy on their additional production into a compensation fund out of which closed firms are paid a certain sum.

"4. Pooling: All firms in an industry join in a pool to operate the nucleus plants and share in their profits. Brand names disappear.

"5. Merger: Firms amalgamate permanently, or the nucleus firm buys out closed firms."

The "concentration of products" procedure is described by the Board as follows:

"With the designation of specific articles which can be produced by the nucleus firms, Britain's program for the contraction of nonessential industries has reached a third stage called 'Concentration of Products,' to distinguish it from the second stage, 'Concentration of Production.' The new program, which was first introduced in the clothing industry in the spring of 1942, calls for the production of only standard, fixed-price, 'utility' goods, in a quantity closely calculated to satisfy essential civilian needs.

"The President of the Board of Trade, Hugh Dalton, reported recently that 36 industries were now concentrated, and that 20 compensation schemes, covering whole industries or large sections of industries, had been approved. In the majority of cases, a central fund has been set up by a levy on the machine capacity or turnover of the nucleus firms. The first charge on these funds is for the care and maintenance of the plant and machinery of closed firms. Rents received from the use of the closed plants as storage space are paid into the central fund. The agency method is generally employed in the remaining 16 industries."

The British program is under close study by United States officials directly concerned with developing our "strategy for civilian production." In closing down certain paper and newsprint mills during the past month, Canada has already adopted a program of specific contraction within a given industry in place of the more familiar general reduction for a whole industry. Differences between the industrial organization and the degree of dependency on imports and vulnerability to air attack of the United States and Great Britain will prevent us from following the British experience in detail, but the methods employed and results achieved deserve careful consideration, the Board adds.

Morgenthau Terms Trip To London "Successful"

Secretary of the Treasury Henry Morgenthau, Jr., following his recent trip to England, has returned to the United States, having arrived here on Nov. 1 on a Pan American airplane. He was accompanied by Mrs. Morgenthau. With his arrival at La Guardia Field, Mr. Morgenthau said:

"I consider that the trip was very interesting and very successful. I came back very much encouraged by what I saw, and I was particularly filled with admiration for the women of England. I also had some very good talks with officials of the English Treasury."

According to the New York "Times," Mr. Morgenthau said he also had conferred with W. Averell Harriman, United States Lend-Lease official stationed in London. It is understood that while in London Secretary Morgenthau held discussions concerning British-American financial arrangements. His arrival by plane there was disclosed on Oct. 16, when he held lengthy conferences with John G. Winant, American Ambassador. Mr. Morgenthau said at that time that he was not on any official mission but just on "Treasury business." On Oct. 17 the Secretary conferred with British Treasury officials and in the evening was guest of honor at a dinner given by Sir Kingsley Wood, Chancellor of the Exchequer.

Mr. Morgenthau on Oct. 23 visited Dover with Prime Minister Wintson Churchill and Field Marshal Jan Christian Smuts, Premier of South Africa. Others in the party included Sir Kingsley Wood and W. Averell Harriman, American Lend-Lease expeditor in London.

On Oct. 24 the Secretary continued his tour of English cities, visiting Portsmouth. Mr. Morgenthau was also welcomed in the House of Commons during his visit to London. Sir Kingsley Wood, Chancellor of the Exchequer, in a formal address of welcome, saying, according to London Associated Press accounts:

"Wartime relations between the two governments have been of the happiest and are a good augury for the way in which we shall together deal with many problems which face us now and with others with which we will be confronted when the war is over."

On his flying trip to London, Mr. Morgenthau was accompanied by Dr. Harry D. White, Director of the Treasury's Division of Monetary Research.

Myron S. Short Heads N. Y. Savs. Banks Ass'n

Myron S. Short, Executive Vice President of the Buffalo Savings Bank, was elected President of the Savings Banks Association of the State of New York at its annual meeting in New York City on Oct. 28. As head of the Association, Mr. Short succeeds Henry Bruere, President of the Bowery Savings Bank. Mr. Short, a native of Buffalo, born in 1887, was admitted to the bar in March 1909, became Assistant Attorney of the Buffalo Savings Bank in 1921 and one of its Trustees in 1930. He became actively associated with the bank in the office of Secretary in 1934 and through subsequent promotions became Executive Vice President early this Fall. He has been active in the affairs of the Association over a long period of years, serving as Chairman of Group I representing the savings banks of the western part of the State, for three years, a member and Chairman of its Legislative Committee, Chairman of its Committee on the Cost of Government, member of the Executive Committee, and Director of both the Savings Banks Trust Company and Institutional Securities Corporation, organizations wholly owned by the savings banks. In accepting the office, Mr. Short stated:

"I feel very humble as I accept this responsibility at your hands. The task ahead of us is great but I feel that with the highest possible standards of good management and active trusteeship we can render a service to our people and to our country unequalled by the excellent record made by our institutions through wars, panics, depressions, floods and pestilence.

"John Sullivan, Assistant Secretary of the Treasury, told us yesterday that the American people next year would have 36 billion dollars more than they had three years ago—that 36 billion dollars must go into savings and it is our job to take the lead in seeing that this is accomplished.

"In accepting this job, I come to you not with peace but the sword.

"Together we can wage a crusade through resolute and aggressive action that will justify the confidence the people of New York State have shown in us."

Senate Group Seeks Full Use Of Small Plants In War Effort—Senator Mead's Bill

In behalf of small business, a bill was introduced in the U. S. Senate on Oct. 29 by Senator Mead (Dem.), of New York, providing for an annual appropriation of $10,000,000 to the Department of Commerce for the maintenance of the field consulting service to assist small business in solving war and post-war problems. This was indicated in advices to the New York "Journal of Commerce" from its Washington bureau Oct. 29, which also stated that it was learned at the same time that the Smaller War Plants Corporation, which has sought to fit small business into the war production program through more widespread use of subcontracting, is seeking a clear statement of policy, if not a directive, from Army procurement officials regarding the placement of contracts with small concerns. From the same advices we quote:

"Senator Mead in presenting his proposal today declared that small business 'has never been given the immediate aid and assistance which it deserves.' Noting that assistance is especially important at this time, he declared that creation of a field consulting service within the Department of Commerce would enable the Government to bring advice to business men 'close to home.'

"'Today when pressures of the war effort are causing so many hardships among small business concerns there is not time for each individual to consult with Washington nor confer with widely separated regional offices,' the Senator declared. 'Men out in the field trained in the best business practices could, I believe, do much to help keep many small concerns going.

"'There should, moreover, be no great difficulty in obtaining personnel for such an undertaking. Many able business men have had to yield their place in the economic scheme because of war production. They are anxious to do something that will aid both Government and themselves. They should be willing and able recruits and will be fully equipped to give the managerial advice which is so badly needed.'"

The special Senate Small Business Committee investigating the problems of small firms in war time was told on Oct. 15 by Lt.-Gen. Brehon Somervell, chief of the War Department's Services of Supply, that hundreds of them will have to close because the Army simply cannot fit them into its production program.

While contending that every effort was being made to utilize small plant facilities, Gen. Somervell testified that existing war production lines would not be allowed to slow down in order to place work with small plants "where such action will interfere with deliveries to troops."

Senator Murray (Dem., Mont.), Chairman of the Senate group, charged Gen. Somervell with failing to utilize small business fully.

In reporting this, Associated Press Washington accounts further said in part:

Gen. Somervell told the committee that "all the small factories in the country couldn't turn out one day's ammunition for Allied troops," and that production schedules must not be interrupted to permti full utilization of such plants.

He assured the Senator that "simple items" were being placed with small concerns, and this policy would be expanded "in order to allow more capacity production on complicated items" in bigger factories.

According to the account in the "Journal of Commerce" quoted in part above, officials of the Smaller War Plants Corporation are represented as feeling that the apprehensions raised by Gen. Somervell's statements before the committee would to some extent be dispelled by a public announcement that where possible procurement officers will try to place orders with small concerns. The advices added:

"What these officials would like to have the Army supply chief do is to issue directives to procurement officers instructing them to abide by such a general policy. This is regarded as all the more essential if the War Production Board should establish a materials distribution system which would place in the Army, Navy, and Maritime Commission authority for allocation of materials to plants which have signed contracts with them."

The Senate Committee's opening day hearings (Oct. 13) were concerned with the small business situation in New York City. Several witnesses, headed by Mayor F. H. La Guardia, testified that New York City has only received a small fraction of the war contracts that its normal productive capacity would justify. Mayor La Guardia declared there was need for "an aggressive mobilization of small factories under the recently enacted Smaller War Plants Corporation Act."

Others who testified included George A. Sloan, Commissioner of the City's Commerce Department; Wadsworth W. Mount, Manager of the Industrial Bureau of the Commerce and Industry Association of New York, and Stanley J. Cummings, Executive Secretary of the National Association of Uniform Manufacturers.

President Reports On Impressing Property

In his first report to Congress on operation of the Property Requisitioning Act of 1941, President Roosevelt revealed on Oct. 29 that the requisitioning authority had enabled the Government to obtain for war production more than 10,000,000 pounds of aluminum from idle and excess inventories which the owners "originally refused to sell at fair prices." The President also said that the possibility of the Government's exercising the requisitioning power "has been an influential factor in the case of other critical materials."

The actual tabulation of seizures during the first year of operation of the law (Oct. 16, 1941, to Oct. 16, 1942) disclosed that 267 requisitions of property had been made.

However, the President's report emphasized:

"The importance or significance of the requisitioning authority cannot be demonstrated by any statistical tabulation of the quantity of material actually requisitioned. The existence of the authority and its use in a limited number of instances has unquestionably expedited the voluntary sale of large quantities of critical materials, equipment, machinery and finished products."

Regarding the property seized, the New York "Times" in its Washington advices of Oct. 29, said:

Requisitioning was also started with respect to 215,214 pounds of copper, 1,000,000 board feet of lumber, 13,647,595 feet of railroad relay rail, 351 tons of rubber, 194,695 pounds of solder mix, 293,440 pounds of tin, 142 tons of steel, and 10,487,279 pounds of zinc concentrates.

In addition, a number of other items were requisitioned, such as an alcohol still, a blast furnace, boats, two electric power plants, various types of machine tools and machinery, and usable track and railroad equipment.

The enactment into law of this bill was reported in these columns of Oct. 30, 1941, page 831.

Sproul Urges Reserve Banks To Cut Idle Excess Reserves & Invest In Govt. Bonds

Allen Sproul, President of the Federal Reserve Bank of New York, on Oct. 30 sent a circular to directors and executive officers of all member banks in the Second Reserve District advising them that "the present war financing situation suggests that banks should now abandon the practice of holding large amounts of excess reserves, with the knowledge that by investing their funds more fully through purchases of Treasury securities, they will be assisting in the war effort without sacrificing their ability to meet any demands for cash which may be made upon them." In part Mr. Sproul also says:

"Vigorous efforts are being made to sell Government securities to the general public and to savings institutions, and more vigorous efforts will be made. Large sums will be obtained in this way, particularly if the banks increase their own efforts to sell Government securities to non-bank investors which includes, of course, their own customers and depositors. For the rest, it will be necessary for the commercial banks of the country, giving vigorous and continuing support to the war financing program, to purchase large amounts of Treasury securities. There can be no question of the willingness of the banks to do their share in providing the Treasury with funds, but it is important that all banks participate in this operation, in proportion to their available resources.

"In recent years, banks in this country have become accustomed to carrying large amounts of idle funds in excess of their required reserves. In the period when bank reserves were increasing rapidly and when demands for bank credit were limited, it was appropriate, in many cases, for the banks to hold idle excess reserves. But the greatly changed situation which has arisen since our entry into the war is now giving the banks an opportunity to invest their available funds more fully, and creates the responsibility so to do. The policy of continuing to hold substantial amounts of idle excess reserves is no longer appropriate nor desirable when such huge amounts of funds are required to finance this country's participation in the war.

"The Federal Reserve System stated on December 8, 1941, that it is perpared to use its powers to assure that an ample supply of funds is available at all times for financing the war effort. The banks need have no fear that if they invest in Government securities, they will run the risk of inability to meet demands on them for cash and for the maintenance of their reserves at the required levels. Several measures have already been taken by the Federal Reserve System to maintain adequate reserves in the commercial banks and to facilitate adjustments in the reserve positions of individual banks. These measures include large purchases of Government securities in the open market; the announcement of a fixed buying rate of ⅜% for Treasury bills at all Federal Reserve Banks, with the option available to the sellers to repurchase, any time before maturity, Treasury bills of a like amount and maturity at the same rate of discount; and the lowering of reserve requirements against demand deposits for central reserve city banks, which have sustained a persistent loss of reserves since the beginning of 1941. By these means, the Federal Reserve System has contributed substantially to the maintenance of member bank reserves. A wide distribution of the additional reserves which, in the first instance, have been released in substantial part in the principal centers, has been effected through Government borrowing in such centers and expenditure of the proceeds throughout the country. It has been the general experience of banks outside of the central reserve cities that, soon after they have invested surplus funds in new issues of Government securities, their deposits have increased and their reserves have been replenished by Government expenditures in their communities.

"Recognizing that there undoubtedly will be individual banks which will not share proportionately or immediately in the increase in deposits resulting from Government disbursements, or in the increase in reserve funds resulting from Federal Reserve open market operations, and that such banks may be subject to losses of reserves through currency withdrawals or other transactions, this bank has just established a discount rate of ½% for advances to member banks, secured by Government securities maturing or callable within one year or less. This rate supplements the 1% rate for advances secured by longer term Government obligations and for rediscounts of eligible paper, and is intended to encourage banks, as occasion requires, to obtain additional reserves against the pledge of some of their assets, thus avoiding the necessity of selling such assets to meet temporary situations.

"These various measures constitute assurance that banks will be provided with reserves, by one means or another, as additional reserves are needed, and they should make unnecessary the continued holding of idle reserves by individual banks as a protection against eventualities.

"Such holdings of idle funds, under war conditions, also deprive the banks of needed earnings. Bank expenses and taxes inevitably rise in a war period such as this, and at the same time deposit liabilities tend to increase much more rapidly than capital funds. The increased earnings that may be obtained from fuller utilization of available resources thus are helpful to the banks, both in covering their expenses and in providing net income which may be used to strengthen their capital positions. The varied types and maturities of securities now being offered by the Treasury afford banks ample opportunity to employ their available funds more fully, in the kinds of investments that are suitable to their individual needs."

Financial Report Forms Are Simplified By OPA

Simplification in the reporting forms by which 25,000 companies voluntarily file financial reports quarterly with the Office of Price Administration was announced on Oct. 21. An outline of the changes in the program, which provides basic financial data for studies of price control, was presented to the Washington Chapter of the National Association of Cost Accountants by Robert W. King, head of the examination section of OPA's Financial Reporting Branch. The most important change, says the OPA, eliminates the requirement that a company report individual salaries for its officers and for employees receiving $20,000 a year or over. Instead there are substituted simple tabulation of these salaries, showing the range and numbers of persons in this class but omitting reports on salaries of particular individuals. "This change," Mr. King explained, "decreases the amount of confidential information which companies are asked to supply without depriving OPA of sufficient detail with regard to executive salaries. So important is this change that insert sheets are being printed and will be available for the use of companies reporting on a fiscal year basis during the balance of 1942."

The OPA also says:

"Another change in the financial report forms, which will take effect on Jan. 1, 1943, will be a provision in the profit and loss schedule for reporting separately charges which are set up to provide wartime reserves. The instruction book which accompanies the forms will carry instructions for adapting the corporate-type statements to use for reporting sole proprietorships and partnerships. In some lines of business, reports from these forms of business organizations are necessary in order to get a complete picture of a given industry. In addition, the instruction book will be simplified and clarified in a number of respects in order to make the filing of financial reports easier."

In conclusion Mr. King said:

"Our experience with these forms to date, indicates two things, first, that the reports are extremely valuable to the operating divisions of OPA, and, second, that the burden on respondents is at a minimum compatible with our need for information. We have had many compliments on the simplicity and technical excellence of the forms, but we are always on the lookout for methods of further simplification, and we welcome constructive suggestions."

It is pointed out, that the financial reporting forms give OPA continuing and basic information on price control problems in industries subject to OPA regulation. At present reports are being obtained from virtually all companies with assets of $250,000 or more engaged in manufacturing, mining, construction, and selected companies in wholesale trade and related fields.

Halts Dam Projects

In line with its policy of curtailing construction, the War Production Board on Oct. 28 revoked priority ratings for seven power and irrigation projects in the West, including part of Grand Coulee Dam. The order prohibits builders from continuing construction or installation on the projects, except for purposes of safety or health, or to avoid undue damage to materials, in which case the effective date is Nov. 15. United Press Washington advices reported:

The projects are all sponsored by the Federal Reclamation Bureau, but the two orders affecting Grand Coulee apply to a private contractor. One order is directed against the east power house and the second covers three units in the west power house.

These are the other projects affected:

Davis Dam, 30 miles west of Kingman, Ariz., entire project.

Colorado Big Thompson project, including Green Mountain and Granby Dams on the western side of the Continental Divide, a 13-mile tunnel and dams and power plants at Colorado Big Thompson, Estes Park and Mary's Lake, Colo. The order affects the tunnel and parts of the project located east of the Divide and the Granby Dam on the west side.

Keswick Dam, on the Sacramento River, California, including dam and three power plant units, all stopped.

Anderson Ranch project, on the Payette River, near Boise, Idaho. The stop order affects the entire project, including the dam and two power units.

Shasta Dam, on Sacramento River, California. Only one unit, No. 5, scheduled to begin generating 75,000 kilowatts in 1944, is affected.

All of the projects were to have been completed in 1944 or 1945.

President Asks Removal Of Trade Barriers Which Impede War Production Programs

In a special message to Congress on Nov. 2, President Roosevelt asked for power to suspend for the duration of the war any peacetime restrictive laws interfering with the "free movement of persons, property and information into and out of the United States."

The President did not recommend the repeal or amendment of any of the laws but asked that Congress give him "the power on a selective basis to suspend the operation of all or any such laws. in such a way as to meet new and perhaps unforeseen problems as they may arise and on such terms as will enable the Chief Executive and the government agencies to work out in detail parallel action in other countries."

Mr. Roosevelt recalled the policy of eliminating tariffs and other trade barriers between the United Sates and Canada during the war but said that "the needs of the war effort have multiplied our demands for a maximum and integrated war production not only at home and in Canada but in every country of the United Nations." He added:

"We must further take advantage of possibilities of procurement from every available source, foreign or domestic. Speed and volume of war output have become more than ever before in our history the primary conditions of victory."

The following is the President's message:

"On Dec. 23, 1941, I approved a statement of war production policy for Canada and the United States which contained the following recommendations:

"Legislative and administrative barriers including tariffs, import duties, customs and other regulations or restrictions of any character which prohibit, prevent, delay or otherwise impede the free flow of necessary munitions and war supplies between the two countries should be suspended or otherwise eliminated for the duration of the war.

"The needs of the war effort have multiplied our demands for a maximum and integrated war production not only at home and in Canada but in every country of the United Nations. We must further take advantage of possibilities of procurement from every available source, foreign or domestic. Speed and volume of war output have become more than ever before in our history the primary conditions of victory.

"To achieve an all-out war production effort, we must implement and supplement the steps already taken by the Congress and the President to eliminate those peacetime restrictions which limit our ability to make the fullest and quickest use of the world's resources.

"At my direction the government agencies have already removed and are engaged in removing, wherever posible, numerous administrative requirements and formalities affecting the movement of war goods, information and persons into and out of the United States. There remain, however, many legislative obstacles to that movement which impede and delay our war production effort.

"These obstacles fall into two classes: those directly affecting the movement to and from the customs territory of the United States of materiel, information and persons needed for the war effort, such as customs duties and the laws, and the administrative supervision required by law affecting movement of persons and property at our borders and ports, and those which impose limitations on the procurement, acquisition or use of non-American articles or the transportation of supplies in non-American bottoms, such as restrictions on the use, under construction differential subsidy contracts, of non-American materials in the construction of vessels under the Merchant Marine Act of 1936, as amended; on the procurement of any article of food or clothing not grown or produced in the United States or its possessions; on the acquisition for the public use, public buildings or public works of non-American articles, or the transportation by sea of Navy supplies except in vessels of the United States.

"I have already exercised by executive order the power granted under the first war powers act to extend to the government procurement agencies the authority granted to the Secretary of the Navy to make emergency purchases abroad of war materials and to enter them free of duty. This has measurably assisted our war effort, but it only partially eliminates the obstacles prescribed by law which I have already mentioned.

"I therefore recommend early enactment by the Congress of legislation to the extent required for the effective prosecution of the war, the free movement of persons, property and information into and out of the United States. I do now recommend that the Congress repeal or amend any of these peacetime restrictive laws.

"It is my judgement that the program can best be dealt with by giving to the President for the duration of the war, but no longer, the power on a selective and flexible basis to suspend the operation of all or any such laws, in such a way as to meet new and perhaps unforeseen problems as they may arise, and on such terms as will enable the Chief Executive and the government agencies to work out in detail parallel action in other countries."

Expresses U. S. Interest In Problem Of India

Secretary of State Hull said on Oct. 27 that the United States was in fact deeply interested in the problem of India and was watching for opportunities that might develop. Mr. Hull made these remarks at his press conference when asked for comment on criticism by Wendell L. Willkie of the Government's attitude toward the India problem. Mr. Willkie said in his radio talk of Oct. 26 that by the Administration's policy of silence on India "we have already drawn heavily on our reservoir of good-will in the East." His speech was given in our Oct. 29 issue, page 1545.

Asked about the speech, according to the Associated Press, Mr. Hull said the American attitude had been made known. He declined to take up in detail Mr. Willkie's criticism, pointing out that some American has something to say every day on some phase of the British-Indian situation, and, he added, such Americans have various views.

The Associated Press further reported:

"He (Secretary Hull) went on to say that the State Department for some time, and especially during this administration, had consistently proclaimed and carried forward in practice what it regarded as a forward-looking policy. It will continue to follow that policy, he said. It will not expect commendation, but it is to be expected, he added, that the criticism will diminish as time goes on and the full facts are understood."

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. Corpo-rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Nov 9	117.36	107.62	117.20	114.08	108.70	92.64	97.31	112.00	114.27
7	117.36	107.62	117.00	114.27	108.70	92.64	97.31	112.00	114.27
6	117.36	107.62	117.20	114.27	108.70	92.64	97.47	112.00	114.46
5	117.38	107.62	117.00	114.27	108.70	92.64	97.31	112.00	114.27
4	117.38	107.44	117.00	114.08	108.70	92.64	97.31	112.00	114.27
3				Exchange Closed					
2	117.38	107.62	117.20	114.27	108.70	92.64	97.31	112.00	114.27
Oct 30	117.38	107.44	117.00	114.08	108.70	92.50	97.31	112.00	114.27
23	117.38	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.27
16	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
9	117.38	107.44	117.20	114.08	108.70	92.50	97.31	111.81	114.46
2	117.39	107.27	117.00	113.89	108.52	92.35	97.16	111.81	114.27
Sep 25	117.51	107.27	117.00	113.89	108.70	92.06	97.00	111.62	114.08
18	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
11	117.75	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
4	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
Aug. 28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.03
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
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	107.62	117.20	114.27	108.70	92.64	97.47	112.00	114.46
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									
Nov. 10, 1941	120.02	108.34	118.60	115.82	109.60	92.06	97.62	112.37	116.22
2 Years ago									
Nov. 9, 1940	118.35	105.69	117.60	113.70	105.52	89.09	94.86	110.15	113.12

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

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Nov 9	2.05	3.30	2.79	2.95	3.24	4.23	3.92	3.06	2.94
7	2.05	3.30	2.80	2.94	3.24	4.23	3.92	3.06	2.94
6	2.05	3.30	2.79	2.94	3.24	4.23	3.91	3.06	2.93
5	2.05	3.30	2.80	2.94	3.24	4.23	3.92	3.06	2.94
4	2.05	3.31	2.80	2.95	3.24	4.23	3.92	3.06	2.94
3				Exchange Closed					
2	2.05	3.30	2.79	2.94	3.24	4.23	3.92	3.06	2.94
Oct 30	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.06	2.94
23	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.94
16	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
9	2.05	3.31	2.79	2.95	3.24	4.24	3.92	3.07	2.93
2	2.05	3.32	2.80	2.96	3.25	4.25	3.93	3.07	2.94
Sep 25	2.04	3.32	2.80	2.96	3.24	4.27	3.94	3.08	2.95
18	2.03	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
11	2.03	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
4	2.03	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
Aug 28	2.03	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
21	2.02	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
14	2.02	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
7	2.02	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
July 31	2.01	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	2.00	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	1.99	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	1.98	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	1.98	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	1.96	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
May 29	1.95	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
Apr. 24	1.99	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar 27	1.96	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb 27	2.11	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	2.05	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.24	4.23	3.91	3.06	2.93
High 1941	2.13	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	1.84	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago									
Nov. 10, 1941	1.85	3.26	2.72	2.86	3.19	4.27	3.90	3.04	2.84
2 Years ago									
Nov. 9, 1940	1.98	3.41	2.77	2.97	3.42	4.48	4.08	3.16	3.00

*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 Sept. 17, 1942, page 995.

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
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1
October, 1942	5.5	7.0	7.2	5.0	4.4	5.8

House Committee Urges Single Agency For Central Direction Of War Program

The creation of an Office of War Mobilization centralizing responsibility for policy-making decisions as to production, manpower, prices and machines, was called for in the report of the special House Committee on National Defense Migration made public Oct. 20.

A bill designed to carry out the group's recommendation was introduced in the House on Oct. 22 by Representative Tolan (Dem., Cal.), who headed the committee.

The realignment proposed would establish a new Office of Production and Supply, a reorganized Office of Economic Stabilization, and a new Office of Technical Mobilization, all to be operating agencies subordinate to the Office of War Mobilization. Among them, they would take over functions now performed by the War Production Board, the procurement divisions of the Army, the Navy, Maritime Commission and Lend-Lease Administration, the Office of Price Administration, the War Manpower Commission and the Selective Service Administration.

Regarding the House committee report, Associated Press advices said:

In advocating the establishment of this new "Office of War Mobilization," the report said:

"Despite numerous realignments, 10 months after Pearl Harbor, business-as-usual considerations still permeate the Washington wartime agencies."

It said that "our materials distribution system is breaking down," and blamed top war agencies generally for "the absence of a national production program."

Suggestions for immediate enactment of national service legislation were described by the committee as an attempt by the War Manpower Commission to seek by statute to "underwrite the authority it has failed to exercise."

Unless "prevailing administrative shortcomings" are corrected quickly, the committee warned, the entire war effort would be jeopardized.

The committee said it believed the American people "are ready for any test" provided they were assured that "their leadership has perpared the ground for the proposed advance," but at present were confused by "conflicting orders and demands emanating from Washington agencies."

To avoid this confusion in the future, it recommended a decentralization of war agencies to reflect the views and needs of the public.

"Many of the shortcomings of the war effort to date are traceable to the attempt to run the war from Washington," it commented.

Profit Margins Down In Industries Engaged In Armament Production, Conference Board Finds

Profit margins in the metal products, automotive and chemical industries, all heavily engaged in the production of armament, were sharply lower in 1941 than in the previous year, according to data released by the National Industrial Conference Board, New York, on Nov. 4. Such margins were also markedly lower in the paper and allied products, and the stone, clay and glass products industries, but were higher in the forest products, the petroleum and coal products industries, and the non-manufacturing corporations. It is pointed out that earnings figures employed are after taxes, including Federal income taxes. In its advices the Board says:

"Last year United States factories handled about $30,000,000,000 more in dollar volume and 30% more in physical volume than in 1940. Earnings on sales, after taxes, dropped to 5.4%, from 6.1% in 1940 and 5.6% in 1936. Preliminary data suggest that this drop resulted primarily from sharply lowered margins in the metal, automotive, and chemical industries, all of which are now closely related to the production of armaments. In contrast, margins continued to rise or remained relatively unaltered in industries which were previously below the average rate of return. Sales margins continued upward in non-manufacturing corporations in both 1940 and 1941, the largest gains last year occurring in mining and construction."

During the years 1936-1939, manufacturing corporations as a group averaged 4.6% on sales, after taxes, according to the Board's figures. Sales margins ranged from a low of 0.7% in apparel to 8.4% in tobacco and 9.4% in chemicals. The peak for these four years was reached in 1936, when manufacturing corporations averaged 6.6% on sales, before taxes, and 5.6%, after taxes. The Board further reports:

"In 1940, manufacturers earned 8.0%, before taxes, per dollar of sales, and 6.1%, after taxes. Improvement was most pronounced in the durable goods industries particularly in the metal and automotive fields, almost half of all net income from manufacturing having been reported by these two groups. Margins in chemicals, paper and pulp, and forest products were also higher than in any of the four preceding years. Roughly $1,250,000,000 was paid in Federal income taxes, or about twice as much as in 'peacetime' years.

"Peacetime earnings per dollar of sales are among the factors considered in the renegotiation of war contracts."

Building Activity In Nine Months $10.5 Billion

Total new construction in the continental United States amounted to $10,500,000,000 during the first nine months of 1942, compared to $8,000,000,000 for the corresponding period of 1941, Secretary of Labor Frances Perkins reports. "War construction brought the total for public construction up to $7,700,000,000 for the first nine months of this year, almost twice the volume for the first three quarters of 1941," she said. "Construction work at military and naval depots, stations, and airfields and the expansion of war plant facilities almost trebled the volume reported for these categories during the first nine months of 1941."

Miss Perkins further stated:

"Sharp curtailment of private construction arising from material shortages resulted in a decrease of 34% in the total volume of private construction. Private construction during the first nine months of 1942 reached only $2,800,000,000, a decline of $1,400,000,000 from the amount reported for the same period of 1941.

"Private non-residential construction, including privately financed war plants, aggregated only $455,000,000 or less than half as much as in the first three quarters of 1941. Non-farm residential construction showed a dollar value decrease of $910,000,000 when compared with the total of $2,150,000,000 estimated for the first nine months of 1941. In spite of expanding farm income during 1942, it is estimated that an 11% decrease occurred in expenditures for farm residential and service buildings.

"War housing financed by Federal funds amounted to $352,000,000, an increase of 11% over the volume reported for the first three quarters of last year. Highway construction experienced a 34% decline, while other Federal construction consisting mainly of conservation and development work fell off 7% from the total for the first nine months of 1941. Meeting the increasing demand of the war program, public utility construction rose from $577,000,00 for the first three quarters of 1941 to $604,000,000 for the corresponding period of this year."

September Munitions Output Increased 7%

Over-all munitions production in September increased 7% over August, Donald M. Nelson, Chairman of the War Production Board, revealed on Oct. 31 in his fourth monthly report on war production.

Mr. Nelson said that the rate of production is now on a scale "which approaches four times the rate at the time of Pearl Harbor." He added that the WPB munitions index (covering all fighting items) advanced 24 points from 357 in August to 381 in September. (The index is based on 100 for November, 1941, the month before Pearl Harbor.)

The features of the September production picture, Mr. Nelson said, were increases in these four categories: aircraft, 10%; ordnance, 7%; fighting ship construction, 22%, and merchant ship construction, 10%.

Mr. Nelson disclosed that in September the Treasury and Government corporations paid out $5,500,000,000 for war purposes, an increase of $300,000,000 over August.

According to the United Press, the following were features of the report:

Airplanes—Four-engined bombers rolled off the assembly lines nearly on schedule. Measured by total value, which takes into account the difference between large and small craft, plane volume in September was up 10%, compared with an increase of 7% in August over July. Plane production in the months ahead may exceed propeller output unless the latter is increased.

Ordnance — Production continued uneven. Tank output was up 3%, production of tank guns was ahead of schedule and output of anti-aircraft guns was good. Production of ammunition was spotty.

Navy and Army Vessels—Twelve major combat vessels were launched. Deliveries of major vessels were more numerous than forecast but deliveries of other types did not measure up to expectations.

Merchant Vessels — Ninety-two merchants vessels were placed in actual service—21 more than were commissioned in July. Deadweight tonnage was 1,009,000.

Machine Tools—Production totaled $120,118,000 in dollar value, a gain of 2.4%.

Moody's Daily Commodity Index

Monday, Nov. 2	232.3
Tuesday, Nov. 3	*
Wednesday, Nov. 4	233.3
Thursday, Nov. 5	233.7
Friday, Nov. 6	233.7
Saturday, Nov. 7	233.1
Monday, Nov. 9	232.7
Two weeks ago, Oct. 26	233.2
Month ago, Oct. 2	236.4
Year ago, Nov. 1	208.6
1941 High Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, Oct. 3	236.4
Low, Jan. 2	220.0

*Holiday.

Weekly Statistics Of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1942—Week Ended—					
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
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88
Aug. 22	124,763	119,299	213,890	74	87
Aug. 29	122,236	124,440	212,953	77	87
Sept. 5	129,486	124,580	218,539	78	87
Sept. 12	106,933	101,891	222,636	65	86
Sept. 19	138,477	132,212	228,355	81	86
Sept. 26	129,503	131,173	224,926	78	86
Oct. 3	144,506	133,513	236,208	80	86
Oct. 10	147,437	131,961	248,026	80	86
Oct. 17	152,644	134,197	261,871	79	85
Oct. 24	150,133	136,249	275,139	81	85
Oct. 31	138,423	138,262	272,006	84	85

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 from stock, and other items made necessary adjustments of unfilled orders.

October Department Store Sales

The Board of Governors of the Federal Reserve System announced on Nov. 5 that department store sales increased in October and the Board's seasonally adjusted index rose to 129% of the 1923-25 average as compared with 123 in September and 130 in August.

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

	Oct., 1942	Sept., 1942	Aug., 1942	Oct., 1941
Adjusted for seasonal variation	129	†123	130	105
Without seasonal adjustment	138	†133	103	112

Change from corresponding period a year ago (per cent)

Federal Reserve District—	One week ending Oct. 31	Oct 24	Oct 17	Oct. 10	Four-weeks ending Oct. 31	Sept. 26	Aug. 29	Aug. 1	Year to Oct. 31
Boston	+11	+14	+ 9	+23	+14	+ 8	— 9	+ 4	+11
New York	+17	+11	+ 7	+19	+13	— 2	—10	— 1	+ 6
Philadelphia	+ 8	† +15	† + 9	+36	+16	+ 9	0	+ 5	+13
Cleveland	+15	+16	+16	+24	+18	+ 8	—12	— 1	+10
Richmond	+ 3	† +14	+14	+37	+16	+14	+ 5	+12	+19
Atlanta	+ 9	+12	+13	+39	+17	+ 9	— 4	+ 4	+ 8
Chicago	+19	† +26	+20	+19	+21	+ 6	— 5	+ 3	+ 9
St. Louis	— 2	+11	+14	+25	+11	+ 5	0	+ 1	+10
Minneapolis	*	*	*	*	+ 7	+ 3	—15	— 2	+ 3
Kansas City	+30	† +50	+27	+40	+37	+21	+ 3	+ 8	+14
Dallas	+ 3	+33	+19	+36	+23	+13	— 8	+ 2	+ 7
San Francisco	+24	+14	+37	+34	+26	+19	— 2	+ 9	+15
U. S. total	+14	+18	† +17	+26	+18	+ 8	— 6	+ 3	+10

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

1942—		1941—	
Oct. 3	173	Oct. 4	169
Oct. 10	159	Oct. 11	130
Oct. 17	152	Oct. 18	131
Oct. 24	153	Oct. 25	130
Oct. 31	157	Nov. 1	138

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

National Fertilizer Association Commodity Price Index At New Peak

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Nov. 9, last week advanced to a new high level. This index in the week ended Nov. 7, 1942 stood at 130.4% of the 1935-1939 average as 100; it was 130.0 in the preceding week, 130.2 in month ago, and 116.5 a year ago. This index is now 9% higher than at the first of the year and is 12% above the corresponding week of 1941. The Associations report went on to say:

Led by a 3% rise in grains, prices of farm products were generally higher during the week, with 7 items included in the group advancing and only one declining. The farm products index, now at a new high level of 143.5, is 14% above the highest point reached in 1941. The textile index continued to advance, due to a rise in the price of raw cotton, upon which no specific ceiling has yet been placed. Food price changes were few, but upturns in potatoes, chickens, and cottonseed oil caused a slight advance in the group average. The only other group average to change during the week was the index of miscellaneous commodities, which was fractionally higher.

During the week prices of 12 commodities advanced and 2 declined; in the preceding week there were 12 advances and 8 declines; in the second preceding week there were 14 advances and 4 declines.

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

% Each Group Bears to the Total Index	Group	Latest Week Nov. 7, 1942	Preceding Week Oct. 31, 1942	Month Ago Oct. 3, 1942	Year Ago Nov. 8, 1941
25.3	Foods	133.0	132.9	132.6	113.5
	Fats and Oils	146.9	146.2	141.8	122.7
	Cottonseed Oil	158.4	156.1	153.9	143.6
23.0	Farm Products	143.5	142.2	143.0	116.4
	Cotton	185.1	180.2	178.2	153.8
	Grains	115.8	112.3	119.4	107.7
	Livestock	143.6	143.6	143.3	110.5
17.3	Fuels	119.3	119.3	119.3	112.3
10.8	Miscellaneous commodities	127.4	127.2	126.3	126.0
8.2	Textiles	148.7	148.0	147.4	138.6
7.1	Metals	104.4	104.4	104.4	104.0
6.1	Building materials	151.4	151.4	151.5	131.3
1.3	Chemicals and drugs	120.7	120.7	120.7	112.3
.3	Fertilizer materials	117.4	117.4	117.9	114.6
.3	Fertilizers	115.3	115.3	115.3	107.5
.3	Farm machinery	104.1	104.1	104.1	100.2
100.0	All groups combined	130.4	130.0	130.2	116.5

*Indexes on 1926-1928 base were: Nov. 7, 1942, 101.3; Nov. 8, 1941, 90.8.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Oct. 31, 1942, is estimated at 11,620,000 net tons, as compared with 11,410,000 tons in the preceding week and 10,871,000 tons in the corresponding week of 1941. The production of soft coal to date shows an increase of 14.5% over the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Oct. 31 was estimated at 1,110,000 tons, a decrease of 83,000 tons (7.0%) from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 47,000 tons, or 4.4%. The calendar year to date shows a gain of 5.0% when compared with the same period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Oct. 31 showed an increase of 3,500 tons when compared with the output for the week ended Oct. 24. The quantity of coke from beehive ovens increased 1,400 tons during the same period.

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

Bituminous and lignite coal—	Week Ended Oct. 31, 1942	†Oct. 24, 1942	Nov. 1, 1941	January 1 to Date Oct. 31, 1942	Nov. 1, 1941	Oct. 30, 1937
Total, incl. mine fuel	11,620	11,410	10,871	480,037	419,137	371,415
Daily average	1,937	1,902	1,812	1,878	1,645	1,454
*Crude petroleum— Coal equivalent of weekly output	6,249	6,275	6,521	269,057	264,315	242,347

*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, Review of 1940, page 775). †Revised.

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

Penn. anthracite—	Week Ended §Oct. 31, 1942	Oct. 24 1942	Nov. 1, 1941	Calendar Year to Date Oct. 31, 1942	Nov. 1, 1941	Nov. 2, 1929
*Total, inc. colliery fuel	1,110,000	1,193,000	1,063,000	50,555,000	48,157,000	60,935,000
†Commercial production	1,066,000	1,145,000	1,010,000	48,073,000	45,749,000	56,548,000
Beehive coke— United States total	159,100	157,700	124,900	6,623,100	5,477,800	5,695,200
By-product coke— United States total	1,206,700	1,203,200	‡	51,527,900	‡	‡

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

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

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

State—	Week Ended Oct. 24, 1942	Oct. 17, 1942	Oct. 25, 1941	Oct. 26, 1940	Oct. 23, 1937	Oct. avge. ¶1923
Alaska	5	5	6	4	3	**
Alabama	370	364	143	290	264	398
Arkansas and Oklahoma	99	92	100	52	112	88
Colorado	167	173	143	118	178	217
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,285	1,325	1,058	913	1,178	1,558
Indiana	525	492	483	336	351	520
Iowa	46	50	56	58	93	116
Kansas and Missouri	172	171	150	109	172	161
Kentucky—Eastern	935	950	980	752	857	764
Kentucky—Western	296	304	198	142	203	238
Maryland	30	32	37	29	34	35
Michigan	8	8	9	8	10	28
Montana (bituminous and lignite)	101	100	83	64	80	82
New Mexico	40	36	29	22	37	58
North and South Dakota (lignite)	90	75	58	59	85	**36
Ohio	702	695	673	406	542	817
Pennsylvania (bituminous)	2,615	2,560	2,850	2,547	2,235	3,149
Tennessee	145	150	146	113	109	118
Texas (bituminous and lignite)	8	8	9	9	20	26
Utah	120	102	97	66	90	121
Virginia	400	410	413	294	334	231
Washington	45	44	42	31	46	68
*West Virginia—Southern	2,151	2,190	2,370	1,832	1,931	1,488
†West Virginia—Northern	870	875	891	577	560	805
Wyoming	183	188	153	129	156	184
‡Other Western States	1	††	††	1	††	**4
Total bituminous and lignite	11,410	11,400	11,178	8,962	9,680	11,310
§Pennsylvania anthracite	1,193	1,140	1,269	1,295	1,184	1,968
Total all coal	12,603	12,540	12,447	10,257	10,864	13,278

*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.

Steel Operations Unchanged—Directives Rule Mills—New Plan Held Aid To Steel Trade

"Although steel production and distribution are functioning more smoothly mills have so heavy a load of directives and allocations for steel for most essential purposes they have little tonnage remaining for other consumers," says the magazine "Steel" of Cleveland, in its summary of the iron and steel markets on Nov. 9. "Steel" further went on to say in part:

"Among the latter are many who hold contracts for war products, operating under Production Requirements Plan, but whose ratings not sufficient to to obtain steel delivery. Orders to steel mills for most part are in excess of shipments, though occasionally a producer finds it possible to make some inroads on backlogs.

"During adjustments of quotas and restrictions on production of certain materials occasional instances are said to have occurred of price shading in the effort to obtain high-rated tonnage which would command supply of semi-finished material. This is not an indication of softness in price.

"Mills are supplying hot-rolled carbon and alloy bars for essential purposes on rated orders at close to schedule but on new business are able to promise no better delivery than second quarter on some finishes. Most shortage is felt in large rounds and flats, as well as in cold-finished. Gradual progress is being made in substitutions and additional analyses of National Emergency steels are being made available.

"While some relief is felt by warehouses and their clients, full effect of the directive plan is not yet apparent and not much is expected until late in the year, especially in heavier rounds and flats and cold-finished products.

"Sheet mill quotas are well filled with high-rated orders, up to the limit of semifinished allocations, and current inquiries can command no better delivery than first quarter on hot-rolled material. Cold-rolled sheets are easier and some producers are soliciting business with high ratings. Armed services are taking large tonnages, a recent order for the Navy being divided among six mills.

"Announcement of the Controlled Materials Plan for vertical allotment of scarce materials, replacing the present priorities system and the Production Requirements Plan, promises better distribution and is attracting much interest. Plenty of time is allowed for its application, first use in transition being set for second quarter, with full use from July 1. The plan is expected to adjust requirements for critical materials to supply and make the quantity and type of needed materials available at the time needed to meet approved programs.

"Improvement in the current scrap supply has followed collection of recent weeks, and yards are making progress in preparing tonnage for melters. Sufficient is being furnished steelmakers to support their operations but character of the scrap and shortage of workers hamper rapid conversion of yard tonnage into material suitable for steel furnaces. The general collection is being followed by a further campaign to bring out dormant material in buildings, unused rails and obsolete machinery and equipment. This tonnage promises to be large and of better character than the household scrap. It will require time to dismantle and labor shortage is a factor in this, also. Some consumers are able to build up reserves from present receipts but others are not so fortunate and rely on allocations made some time ago.

"Hard driving of open-hearth furnaces is increasing wear and tear and repairs are taking toll of production.

"A season movement of more than 90,000,000 gross tons of iron ore on the Great Lakes seems assured, the total to Nov. 1 being 83,858,620 tons, which exceeds any full season in the past. The movement is 12,248,328 tons greater than last year to Nov. 1. October tonnage was 11,417,167 tons, an increase of 1,813,659 tons over the same month last year. A good start is being made on November tonnage, which last year was 7,660,987 tons."

The American Iron and Steel Institute on Nov. 9 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.6% of capacity for the week beginning Nov. 9, unchanged from the preceding week, and compares with 100.2% one month ago and 96.6% one year ago. The operating rate for the week beginning Nov. 9 is equivalent to 1,703,800 tons of steel ingots and castings, the same as for one week ago, and compares with 1,714,100 tons one month ago, and 1,596,000 tons one year ago.

Wholesale Commodity Prices Unchanged In October 31 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Nov. 5 that except for advances in average prices for certain agricultural commodities, principally livestock, there were few changes in commodity markets during the last week of October. The Bureau's index of prices for nearly 900 series in primary markets remained unchanged at the level of the preceding week, 99.7% of the 1926 average.

The Bureau's announcement further said:

"Farm Products and Foods. Average prices for farm products rose 0.4% during the week to the highest point in over 14 years. Steers were up nearly 2%; sheep, about 1%; and hogs advanced slightly. Live poultry in the Chicago market dropped 1%. Price changes in the grain market were mixed. Oats and barley advanced while wheat, corn, and rye declined. Higher prices were also reported for hay and hops.

"Prices for foods in primary markets were down slightly in the last week of October with the cancellation of October opening prices for evaporated and condensed milk, which were dropped back to the prevailing market level, together with lower quotations for dressed poultry in the New York market and for potatoes. Higher prices were reported for mutton; for flour, rice, and cornmeal; for onions and oranges; and for cottonseed oil.

"Cattle feed advanced nearly 3% during the week.

"Industrial Commodities. Industrial commodity markets continued comparatively steady. Most of these commodities have been under stationary price ceilings for more than a year. Raw jute advanced over 5% and fractionally higher prices were reported for maple flooring, oak and spruce lumber, which have been under ceiling prices; as well as for turpentine. Prices for shellac declined."

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 marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Oct. 3, 1942 and Nov. 1, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups	10-31 1942	10-24 1942	10-17 1942	10-3 1942	11-1 1941	Percentage changes to Oct. 31, 1942 from— 10-24 1942	10-3 1942	11-1 1941
All commodities	*99.7	*99.7	*99.6	*99.7	91.6	0	0	+ 8.8
Farm products	109.1	108.7	107.9	108.7	89.5	+0.4	+0.4	+21.9
Foods	103.0	103.1	103.1	103.0	88.2	—0.1	0	+16.8
Hides and leather products	118.4	118.4	118.4	118.4	114.1	0	0	+ 3.8
Textile products	96.6	96.5	96.5	96.6	90.3	+0.1	0	+ 7.0
Fuel and lighting materials	79.6	79.6	79.7	79.7	79.9	0	—0.1	— 0.4
Metals and metal products	*103.9	*103.9	*103.9	*103.9	102.2	0	0	+ 1.7
Building materials	110.2	110.2	110.2	110.5	107.3	0	—0.3	+ 2.7
Chemicals and allied products	96.1	96.1	96.1	96.2	89.8	0	—0.1	+ 7.0
Housefurnishing goods	104.1	104.1	104.1	104.1	100.0	0	0	+ 4.1
Miscellaneous commodities	88.5	88.3	88.4	88.4	85.5	+0.2	+0.1	+ 3.5
Raw materials	102.7	102.5	102.0	102.4	89.1	+0.2	+0.3	+15.3
Semimanufactured articles	92.5	92.5	92.5	92.8	89.7	0	—0.3	+ 3.1
Manufactured products	*99.5	*99.6	*99.7	*99.6	93.4	—0.1	—0.1	+ 6.5
All commodities other than farm products	*97.7	*97.7	*97.8	*97.8	92.1	0	—0.1	+ 6.1
All commodities other than farm products and foods	*95.7	*95.6	*95.6	*95.7	93.1	+0.1	0	+ 2.8

*Preliminary.

October Engineering Construction Gains 70% Federal Work Triples Year Ago

Heavy engineering construction volume totals $691,979,000 for October and averages $138,396,000 for each of the five weeks of the month as reported by "Engineering News-Record" on Nov. 5. The October average is 70% higher than that reported for the corresponding five weeks of October 1941, but is 22% lower than the average for the four weeks of September 1942. The report added:

On the weekly average basis, public work more than doubled its last year's mark, but is 22% below last month. Federal construction tops a year ago by 208%, while declining 24% from a month ago. State and municipal volume decreases 67% from October 1941, but is 6% higher than in September 1942.

Private construction is 61 and 22% lower, respectively, than in the corresponding month last year and in the preceding month.

Construction volumes for the 1941 month, last month, and October 1942 are:

	Oct., 1941 (five weeks)	Sept., 1942 (four weeks)	Oct., 1942 (five weeks)
Total Construction	$406,332,000	$712,709,000	$691,979,000
Private Construction	94,760,000	38,223,000	37,041,000
Public Construction	311,572,000	674,486,000	654,938,000
State and Municipal	111,214,000	28,106,000	37,234,000
Federal	200,358,000	646,380,000	617,704,000

The October volume brings 1942 construction to $8,324,585,000, an increase of 59% over the $5,250,210,000 reported for the ten-month period in 1941. Private work, $511,781,000, is 52% under the period last year, but public construction, $7,812,804,000, is 87% higher as a result of the 136% climb in Federal construction.

October averages in the various classes of construction compared with those for the month last year show gains in streets and roads of 23%; public buildings, 130%; waterworks, 112%; sewerage, 102%, and unclassified construction, 155%. Losses are reported in industrial buildings, 81%; commercial building and large-scale private housing, 28%; bridges, 59%, and earthwork and drainage, 45%.

Comparison of the current averages with those for September 1942 reveals increases in industrial buildings, 43%; and sewerage, 1%. Decreases are in streets and roads, 31%; public buildings, 29%; commercial building and large-scale private housing, 1%; bridges, 9%; waterworks, 32%; earthwork and drainage, 13%; and unclassified construction, 10%.

New Capital

New capital for construction purposes for October totals $25,297,000, a decline of 89% from the $228,329,000 reported for the corresponding month last year. Private investment accounts for $24,297,000, or 96% of the month's new financing, and is 52% lower than a year ago.

New construction financing for the year to date, $9,555,998,000, is 57% above the ten-month period in 1941. Private investment is 47% lower than last year, but the huge volume of Federal funds, $8,966,898,000, is up 86% and is responsible for increased construction financing total.

Electric Output For Week Ended Oct. 31, 1942 Shows 11.7% Gain Over Same Week Last Year

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 Oct. 31, 1942, was 3,774,891,000 kwh., which compares with 3,380,488,000 kwh. in the corresponding week last year, an increase of 11.7%. The output for the week ended Oct. 24, 1942, was 12.3% in excess of the similar period in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Oct. 31	Oct. 24	Oct. 17	Oct. 10
New England	0.8	4.1	5.5	1.0
Middle Atlantic	4.5	5.6	6.2	2.1
Central Industrial	6.8	7.9	8.2	6.2
West Central	8.9	10.6	10.9	10.8
Southern States	19.9	17.6	17.6	15.6
Rocky Mountain	8.8	13.1	8.9	8.4
Pacific Coast	31.2	30.7	28.1	30.8
Total United States	11.7	12.3	12.2	10.3

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Aug 1	3,649,146	3,263,082	+11.8	2,762,240	1,426,986	1,724,728
Aug 8	3,637,070	3,233,242	+12.5	2.743,284	1,415,122	1,729,667
Aug 15	3,654,795	3,238,160	+12.9	2,745,697	1,431,910	1,733,110
Aug 22	3,673,717	3,230,750	+13.7	2,714,193	1,436,440	1,750,056
Aug 29	3,639,961	3,261,149	+11.6	2,736,224	1,464,700	1,761,594
Sep 5	3,672,921	3,132,954	+12.4	2.591,957	1,423,977	1,674,588
Sep 12	3,583,408	3,222,346		2,773,177	1,476,442	1,806,259
Sep 19	3,756,922	3,273,375	+14.8	2,769,346	1,490,863	1,792,131
Sep 26	3,720,254	3,273,376	+13.7	2,816,358	1,499,459	1,777,854
Oct 3	3,682,794	3,330,582	+10.6	2,792,067	1,506,219	1,819,276
Oct 10	3,702,299	3,355,440	+10.3	2,817,465	1,507,503	1,806,403
Oct 17	3,717,360	3,313,596	+12.2	2,837,730	1,528,145	1,798,633
Oct 24	3,752,571	3,340,768	+12.3	2,866,827	1,533,028	1,824,160
Oct 31	3,774,891	3,380,488	+11.7	2,882,137	1,525,410	1,815,749
Nov 7		3,368,690		2,858,054	1,520,730	1,798,164
Nov 14		3,347,893		2,889,937	1,531,584	1,793,584
Nov 21		3,247,938		2,839,421	1,475,268	1,818,169
Nov 28		3,339,364		2,931,877	1,510,337	1,718,002

Consumer Instalment Loans Of Com'l Banks

The Board of Governors of the Federal Reserve System announced on Oct. 29 that the consumer instalment loans outstanding, representing purchased contracts and direct loans at all commercial banks, decreased by 6% in September to an estimated total of $999,000,000 at the end of the month. The decline since December, 1941, was 37%, reflecting the fact that for every dollar of new consumer borrowing, more than a dollar and a half is being repaid. Automotive loans have shown the largest relative decline and personal instalment cash loans the smallest. The following statistics are made available by the Reserve Bank:

Consumer Instalment Loans of Commercial Banks, September, 1942

(Estimates in Millions of Dollars)

Type of Loan—	Amount Outstanding Sep. 30, '42	% Change from Aug. 31, '42	Volume of Loans Made Sep., 1942	% Change from Aug., 1942
Automotive retail				
Purchased paper	189	—10	14.1	—39.4
Direct loans	174	— 5	12.8	— 6.4
Other retail				
Purchased and direct	163	— 9	11.6	+ 8.5
Repair and modernization	189	— 1	8.4	— 4.7
Personal instalment cash	284	— 5	35.0	— 4.4
Total	999	— 6	81.9	—12.0
Boston	54	— 7	5.0	+ 7.4
New York	215	— 6	15.6	+ 3.9
Philadelphia	50	— 7	3.0	— 4.9
Cleveland	63	— 5	5.6	—11.1
Richmond	47	—10	3.9	— 3.1
Atlanta	53	—12	3.9	+ 1.0
Chicago	136	— 6	14.5	— 0.7
St. Louis	37	— 5	2.9	— 6.4
Minneapolis	53	— 5	3.5	— 3.4
Kansas City	42	— 9	2.7	—11.2
Dallas	39	— 7	3.8	— 7.5
San Francisco	210	— 3	17.5	—36.6

NOTE—This is the first monthly release to the public on consumer instalment loans of commercial banks. For a description of the sources and methods underlying the estimates in this report see the October Federal Reserve "Bulletin," page 992-994.

More 'New Money' Raised By Treasury In Oct. Than By Any Govt. In Comparable Period

Secretary of the Treasury Morgenthau announced on Nov. 2 that the Treasury had raised more money in October than had ever been raised by any Government in any comparable period of time. Mr. Morgenthau made known that sales of Tax Savings Notes in October were $921,352,000, bringing the total sold since the start of the present fiscal year on July 1 to $2,656,700,000.

Sales of War Savings Bonds in October amounted to $814,353.000, bringing the total sold since July 1 to $3,287,798,000. He added that together with borrowings earlier in the month of $4,100,000,000 in 2% bonds and 1½% notes, $500,000,000 in Treasury bills and $500,000,000 in Certificates of Indebtedness, the October financing operations raised a total of $6,836,000,000, which Secretary Morgenthau said constituted a sum unmatched in the financial history of the country. "I feel that this result could not have been achieved without the volunteer help we have had from the Victory Fund Committees, the War Savings Staff and their hundreds of thousands of willing helpers in all parts of the country," said Secretary Morgenthau, who issued the month's figures to his press conference on Nov. 2. Mr. Morgenthau went on to say:

"I am especially glad that the sales of Tax Savings Notes are going so well. Only a few months ago we were selling less than $5,000,000 of the Series A notes; today the Series A sales have jumped to $54,000,000 in October. I think that this reflects a growing consciousness on the part of the American people of their heavy tax payments next year, and a growing determination to start making arrangements to pay these taxes out of current income.

"As for War Savings Bonds, October was the second successive month that the quota has been exceeded. To me, the most encouraging aspect of the October sales is to steady growth in sales of Series E bonds to heights we hardly dared to hope for a year ago. This, of course, is in large part the result of the Payroll Savings Plan, under which more than 20,000,000 workers are now setting aside more than 8% of their earnings every pay day.

"The sales of Tax Notes, War Bonds and other Government securities bought outside the banking system make me feel that the American people are wide awake to the needs of their Government, and are ready to dig deep into their earnings to help finance the winning of the war.

"We at the Treasury have a stupendous job to find the money for this costliest of all wars, but the response of the people themselves is making that job easier than it otherwise would be."

The following table shows the sales of Tax Savings Notes in October in the 12 Federal Reserve Districts and at the Treasury itself:

	Series A	Series C	Total
Boston	$3,816,675	$35,008,000	$38,824.675
New York	11,244,875	280,319,500	291,564,375
Philadelphia	2,644,175	58,344,500	61,008,675
Cleveland	6,161,500	115,292,200	121,453,700
Richmond	4,240,850	39,365,000	43,605,850
Atlanta	2,125,075	16,818,000	18,943,075
Chicago	10,940,350	220,292,400	231,232,750
St. Louis	1,939,725	26,637,500	28,577,225
Minneapolis	1,379,375	9,198,000	10,577,375
Kansas City	2,343,625	14,794,000	17,137,625
Dallas	2,310,050	10,621,900	12,931,950
San Francisco	5,403,825	39,911,200	45,315,025
Treasury	55,000	125,000	180,000
Total	$54,625,000	$866,727,200	$921,352,300

Coolidge's Letters Given To Nation

A number of letters of the late President Calvin Coolidge, which had been scheduled for auction, were given to the Library of Congress on Oct. 29, to be sealed for 20 years. The letters were from the files of the late Edward T. Clark, Mr. Coolidge's private Secretary. In the New York "Times" of Oct. 30 it was stated:

"The letters are the gift of Charles Kohen, owner of the Hobby Shop, Washington, D. C. He acquired them from a person to whom they had been given by the widow of Mr. Clark. Mr. Kohen had sent the large file of correspondence for sale to the Parke-Bernet Galleries, 30 East 57th St., which had issued an auction catalogue indicating the confidential nature of much of the material.

"The letters date from 1923 to 1933, include a number by President Coolidge and other prominent persons, and deal with government and political affairs. When the attention of the auction galleries and Mr. Kohen was called to the possible ill effects of the sale of this confidential material at this time, the letters were withdrawn from sale and the owner determined to give them to the nation.

"Until yesterday morning the letters remained in the keeping of the Parke-Bernet Galleries. Then Mr. Kohen and Arthur Swann, head of the rare book and manuscript department of the auction house, took them in four cartons to the packing rooms of the Day & Meyer, Murray & Young Corporation, 1166 Second Avenue. There, under the supervision of Mr. Kohen and Mr. Swann, the cartons were sealed and enclosed in a strong wooden box. This was lined with waterproof paper, Mr. Kohen enclosed an autograph note confirming the gift, and the case was sealed."

Trading On New York Exchanges

The Securities and Exchange Commission made public on Nov. 6 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 24, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Oct. 24 (in round-lot transactions) totaled 1,189,153 shares, which amount was 16.72% of total transactions on the Exchange of 3,555,000 shares. This compares with member trading during the previous week ended Oct. 17 of 973,145 shares, or 15.94% of total trading of 3,051,970 shares. On the New York Curb Exchange, member trading during the week ended Oct. 24 amounted to 202,250 shares, or 17.46% of the total volume of that Exchange of 579,270 shares; during the preceding week trading for the account of Curb members of 158,495 shares was 16.36% of total trading of 484,275 shares.

The Commission made available the following data for the week ended Oct. 24:

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

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	962	663
1. Reports showing transactions as specialists	174	90
2. Reports showing other transactions initiated on the floor	179	28
3. Reports showing other transactions initiated off the floor	202	80
4. Reports showing no transactions	509	533

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

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

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

WEEK ENDED OCT. 24, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	73,460	
‡Other sales	3,481,540	
Total sales	3,555,000	
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	303,070	
Short sales	43,470	
‡Other sales	255,400	
Total sales	298,870	8.47
2. Other transactions initiated on the floor—		
Total purchases	214,330	
Short sales	7,700	
‡Other sales	175,710	
Total sales	183,410	5.59
3. Other transactions initiated off the floor—		
Total purchases	92,210	
Short sales	8,750	
‡Other sales	88.513	
Total sales	97,263	2.66
4. Total—		
Total purchases	609,610	
Short sales	59,920	
‡Other sales	519,623	
Total sales	579,543	16.72

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

WEEK ENDED OCT. 24, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	7,565	
‡Other sales	571,705	
Total sales	579,270	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	49,650	
Short sales	5,570	
‡Other sales	58,450	
Total sales	64,020	9.81
2. Other transactions initiated on the floor—		
Total purchases	15,015	
Short sales	200	
‡Other sales	13,185	
Total sales	13,385	2.45
3. Other transactions initiated off the floor—		
Total purchases	31,955	
Short sales	1,125	
‡Other sales	27,100	
Total sales	28,225	5.20
4. Total—		
Total purchases	96,620	
Short sales	6,895	
‡Other sales	98,735	
Total sales	105,630	17.46
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	30,825	
Total purchases	30,825	
Total sales	18,278	

*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."

Market Value Of Stocks On New York Stock Exchange Higher On Oct. 31

The New York Stock Exchange announced on Nov. 6 that as of the close of business Oct. 31, there were 1,243 stock issues aggregating 1,470,960,448 shares listed on the New York Stock Exchange, with a total market value of $37,727,599,526. This compares with 1,243 stock issues, aggregating 1,471,467,074 shares, with a total market value of $35,604,809,453 on Sept. 30 and with 1,236 stock issues, aggregating 1,465,181,804, with a total market value of $39,057,023,174, on Oct. 31, 1941.

In issuing the figures for Oct. 31, the Exchange said:

"As of the close of business Oct. 31, New York Stock Exchange, member total net borrowings amounted to $357,343,929. The ratio of these member borrowings to the market value of all listed stocks on that date was, therefore, 0.95%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value."

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

	Oct. 31, 1942		Sept. 30, 1942	
Group	Market Value $	Average Price $	Market Value $	Average Price $
Amusement	317,184,964	15.05	290,876,737	13.80
Automobile	3,082,741,525	25.73	2,920,821,327	24.38
Aviation	601,827,771	17.41	558,388,966	16.15
Building	427,683,292	19,62	408,648,808	18.75
Business & office equipment	293,457,383	24.98	276,830,323	23.57
Chemical	5,258,305,871	55.20	5,000,642,902	52.49
Electrical equipment	1,270,912,926	31.65	1,192,117,420	29.69
Farm machinery	587,149,685	44.81	562,648,593	42.94
Financial	730,832,882	14.40	688,058,636	13.55
Food	2,352,756,167	25.19	2,287,234,584	24.49
Garment	36,369,310	21.73	36,922,782	22.05
Land & realty	16,305,768	3.36	15,583,870	3.21
Leather	182,860,466	21.75	180,172,475	21.43
Machinery & metals	1,302,771,130	19.03	1,224,163,450	17.87
Mining (excluding iron)	1,333,882,119	22,57	1,268,601,462	21.47
Paper & publishing	349,468,297	15.73	331,910,013	14.94
Petroleum	4,209,129,575	21.93	3,849,110,253	20.06
Railroad	3,000,614,313	26.34	2,837,057,396	24.91
Retail merchandising	1,824,225,032	25.03	1,821,447,050	24.82
Rubber	377,515,713	35.69	360,134,663	34.00
Ship building & operating	101,937,172	21.39	92,545,982	19.42
Shipping services	12,351,777	6.67	11,994,309	6.48
Steel, iron & coke	1,986,388,036	39.66	1,875,568,835	37.45
Textiles	355,621,039	25.27	332,504,372	23.71
Tobacco	1,014,013,227	37.86	975,195,461	36.41
Utilities:				
Gas & electric (operating)	1,639,527,912	17.72	1,503,388,175	16.25
Gas & electric (holding)	715,011,719	7.46	622,227,989	6.49
Communications	2,847,519,295	68.10	2,695,813,940	64.47
Miscellaneous	78,526,921	10.71	72,697,448	9.91
U. S. companies oper. abroad	526,403,555	15.54	480,227,188	14.18
Foreign companies	786,137,548	19.42	727,645,302	17.97
Miscellaneous businesses	108,167,136	18.43	103,628,742	17.65
All Listed Stocks	37,727,599,526	25.65	35,604,809,453	24.20

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

	Market Value $	Average Price $		Market Value $	Average Price $
1940—			1941—		
July 31	39,991,865,997	27.51	Sept. 30	40,084,419,434	28.02
Aug. 31	40,706,241,811	28.00	Oct. 31	39,057,023,174	26.66
Sept. 30	41,491,698,705	28.56	Nov. 29	37,882,316,239	25.87
Oct. 31	42,673,890,518	29.38	Dec. 31	35,785,946,533	24.46
Nov. 30	41,848,246,961	28.72	1942—		
Dec. 31	41,890,646,959	28.80	Jan. 31	36,228,397,999	24.70
1941—			Feb. 28	35,234,173,432	24.02
Jan. 31	40,279,504,457	27.68	Mar. 31	32,844,183,750	22.36
Feb. 28	39,398,228,749	27.08	Apr. 30	31,449,206,904	21.41
Mar. 31	39,696,269,155	27.24	May 29	32,913,725,225	22.40
Apr. 30	37,710,958,708	25.78	June 30	33,419,047,743	22.73
May 31	37,815,306,034	25.84	July 31	34,443,805,860	23.42
June 30	39,607,836,569	27.07	Aug. 31	34,871,607,323	23.70
July 31	41,654,256,215	28.46	Sept. 30	35,604,809,453	24.20
Aug. 30	41,472,032,904	28.32	Oct. 31	37,727,599,526	25.65

Engineering Construction Volume Triples 1941-Week Total

Engineering construction volume for the short week due to the Election Day holiday totals $137,412,000, more than triple the volume for the corresponding 1941 week and above the $103,282,000 reported for the preceding week by "Engineering News-Record" on Nov. 5. Federal construction accounts for 91% of the current week's total and is 428% higher than a year ago. The increased Federal volume boosts public construction 292% above last year. Private work, however, is 25% below the 1941 week.

The week's volume brings 1942 engineering construction to $8,461,997,000, an increase of 60% over the $5,294,419,000 reported for the 45-week period a year ago. Private work, $520,285,000, is 52% lower than in the 1941 period, but public construction, $7,941,712,000, is 88% higher as a result of the 138% gain in Federal work.

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

	Nov. 6, 1941 (four days)	Oct. 29, 1942 (five days)	Nov. 5, 1942 (four days)
Total Construction	$44,209,000	$103,282,000	$137,412,000
Private Construction	11,275,000	7,487,000	8,504,000
Public Construction	32,934,000	95,795,000	128,908,000
State and Municipal	9,276,000	6,045,000	3,868,000
Federal	23,658,000	89,750,000	125,040,000

In the classified construction groups, gains over last week are in commercial building and large-scale private housing, and public buildings. Gains over the holiday-shortened 1941 week are in waterworks, public buildings, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $1,458,000; sewerage, $1,042,000; bridges, $204,000; industrial buildings, $2,290,000; commercial building and large-scale private housing, $5,882,000; public buildings, $108,935,000; earthwork and drainage, $649,000; streets and roads, $3,809,000; and unclassified construction, $13,143,000.

New capital for construction purposes for the week totals $1,262,000. This new financing, entirely State and municipal bond sales, compares with $129,704,000 reported for the 1941 week.

New construction financing for the year to date, $9,557,260,000, is 54% higher than the $6,218,910,000 for the 45-week period in 1941.

Conditions For Individual Wage Adjustments Given

Individual wage adjustments can be made without approval of the National War Labor Board if they fall within certain prescribed limitations set forth in a general order unanimously adopted by the Board on Oct. 14.

These adjustments must be "incident to the application of the terms of an established wage agreement or to established wage rate schedules covering the work assignments of employees" and must be made as a result of:

"a. Individual promotions or reclassifications.

"b. Individual merit increases within established rate ranges.

"c. Operation of an established plan of wage increases based upon length of service.

"d. Increased productivity under piece-work or incentive plans.

"e. Operation of an apprentice or trainee system."

According to the announcement this general order which is the fifth issued to date, states that the Board "further finds that adjustments of wages made under this order should not result in any substantial increase of the level of costs and shall not furnish a basis either to increase price ceilings of the commodity or service involved or to resist otherwise justifiable reductions in such price ceilings."

It is also announced:

"The Board took this action under the authority vested in it under Title III, Section 2 of the Executive Order of Oct. 3, which gives the Board power to 'issue such rules and regulations as may be necessary for the speedy determination of the propriety of any wage increases or decreases in accordance with this order.'"

Greek Resistance Lauded

On the occasion of the second anniversary of Greece's resistance to the Axis, President Roosevelt said on Oct. 28 that Greece has set the example that "every one of us must follow until the despoilers of freedom everywhere have been brought to their just doom."

The President made this statement in a letter to Cimon P. Diamantopoulos, the Greek Ambassador.

The message, read by Sumner Welles, Under-Seecretary of State, who was the chief speaker at a dinner in Washington commemorating the anniversary, follows:

The White House,
Washington, Oct. 28, 1942.

My Dear Mr. Ambassador:

On the early morning of Oct. 28, 1942, the Fascist aggressors handed an ultimatum to Greece. The challenge was hurled back without a moment's hesitation. This was what might have been expected from a gallant and courageous people devoted to their homeland. You commemorate tonight the second anniversary of the beginning of the total resistance of the Greek people to totalitarian warfare.

More significant, even, than the initial reply to the challenge is the fact that Greece has continued to fight, with every means at its command. When the Greek mainland was overrun, the resistance was carried on from the islands. When the islands fell, resistance continued from Africa, from the seas, from anywhere the aggressor could be met.

To those who prefer to compromise, to follow a course of expediency, or to appease, or to count the cost, I say that Greece has set the example which every one of us must follow until the despoilers of freedom everywhere have been brought to their just doom.

Very sincerely yours,
FRANKLIN D. ROOSEVELT.

His Excellency,
Cimon P. Diamantopoulos, Ambassador of Greece,
Washington, D. C.

Daily Average Crude Oil Production For Week Ended Oct. 31, 1942 Declined 16,200 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 31, 1942 was 3,901,150 barrels, a decrease of 16,200 barrels when compared with the preceding week, and 170,050 barrels per day less than in the corresponding period a year ago. The current figure also was 165,050 barrels below the daily average figure for the month of October, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Oct. 31, 1942 averaged 3,894,400 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.6% of the 4,800,000-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, 3,731,000 barrels of crude oil daily during the week ended Oct. 31, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipelines as of the end of that week, 79,159,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,153,000 barrels during the week ended Oct. 31, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations October	*State Allowables Beginning Oct. 1	Actual Production— Week Ended Oct. 31 1942	Change From Previous Week	4 Weeks Ended Oct. 31 1942	Week Ended Nov. 1 1941
Oklahoma	417,000	417,000	†368,050	+ 3,600	365,800	436,400
Kansas	294,000	294,000	†297,700	— 6,200	295,200	237,350
Nebraska	3,500	------	†3,500	+ 50	3,400	6,450
Panhandle Texas			98,500	+ 13,100	88,600	80,100
North Texas			140,000	------	140,000	136,950
West Texas			214,000	+ 4,000	209,750	285,600
East Central Texas			90,200	— 6,800	92,150	85,850
East Texas			362,000	------	362,000	369,700
Southwest Texas			167,700	+ 1,300	165,300	220,000
Coastal Texas			321,000	+ 2,000	313,750	291,750
Total Texas	1,407,600	‡1,455,261	1,393,400	+ 13,600	1,371,550	1,469,950
North Louisiana			98,150	+ 300	97,800	80,750
Coastal Louisiana			231,000	+ 1,000	229,500	261,400
Total Louisiana	337,200	349,200	329,150	+ 1,300	327,300	342,150
Arkansas	79,500	73,461	73,350	— 450	73,450	72,400
Mississippi	50,000		†69,200	— 450	69,900	63,300
Illinois	280,000		263,600	— 2,200	264,950	419,800
Indiana	19,000		†15,900	— 1,100	16,850	18,000
Eastern (not incl. Ill. and Indiana)	107,400		97,950	+ 2,250	95,950	99,450
Michigan	65,700		60,200	— 1,900	62,500	57,950
Wyoming	90,800		89,750	— 1,450	90,450	79,700
Montana	24,400		21,850	— 50	21,800	20,000
Colorado	7,000		7,000	------	6,950	5,750
New Mexico	101,100	101,100	99,500	------	99,100	116,450
Total East of Calif.	3,284,200		3,190,050	+ 7,000	3,165,150	3,445,100
California	782,000	§782,000	711,100	— 23,200	729,250	626,100
Total United States	4,066,200		3,901,150	— 16,200	3,894,400	4,071,200

*O.P.C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in July, 1942, as follows: Oklahoma, 28,300; Kansas, 4,300; Texas, 98,900; Louisiana, 19,000; Arkansas, 2,900; Illinois, 8,900; Eastern (not including Illinois and Indiana), 7,800; Michigan, 200; Wyoming, 2,200; Montana, 200; New Mexico, 5,800; California, 41,000.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Oct. 28.

‡This is the net basic allowable as of Oct. 1, calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 16 days, the entire state was ordered shut down for 9 days, namely, Oct. 3, 4, 10, 11, 17, 18, 24, 25 and 31.

§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 ENDING OCT. 31, 1942

(Figures in Thousands of barrels of 42 Gallons Each)

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

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,631	66.8	4,786	37,797	25,953	19,739
Appalachian	176	84.8	159	90.3	510	2,685	777	470
Ind., Ill., Ky.	804	84.9	764	95.0	2,524	13,752	6,325	2,940
Okla., Kansas, Mo.	416	80.1	347	83.4	1,137	6,235	1,904	1,373
Rocky Mountain	147	48.0	103	70.1	344	1,643	424	570
California	817	89.0	727	89.0	1,852	17,047	12,947	54,468
Tot. U. S. B. of M. basis, Oct. 31, 1942	4,800	85.9	3,731	77.7	11,153	†79,159	48,330	79,560
Tot. U. S. B. of M. basis, Oct. 24, 1942	4,800	85.6	3,776	78.7	11,486	79,545	47,567	79,073
U. S. Bur. of Mines basis Nov. 1, 1941			4,087		13,674	82,303	55,551	95,565

*At the request of the Office of Petroleum Coordinator. †Finished 70,070,000 bbls.; unfinished 9,089,000 bbls. ‡At refiners, at bulk terminals, in transit and in pipe lines.

Automobile Financing And Diversified Financing For Month Of September

The number of new passenger cars financed by sales finance companies decreased 20% in September 1942, compared with August of this year, according to an announcement released on Oct. 30 by J. C. Capt, Director of the Census. The dollar volume of paper acquired in new passenger car financing, however, decreased only 18%. In used passenger car financing, the number of cars decreased 22%, the dollar volume of paper acquired, 21%. In new commercial car financing, month ago comparisons show that the number of cars decreased 46% and the dollar volume of paper acquired, 52%, while the number and the dollar volume of used commercial car financing decreased 18% and 14%, respectively.

As of Sept. 30, 1942 the volume of retail automotive outstandings held by sales finance companies was 12% less than as of Aug. 31, 1942. The index has now dropped to 59, showing that these outstanding balances have been reduced to approximately one-third of the volume held by sales finance companies on Aug. 31, 1941, when the index had reached 178, an all-time high.

The volume of wholesale automotive paper acquired by sales finance companies during September 1942, when compared with August, 1942, showed that the wholesale financing of used passenger and used commercial cars decreased slightly but that the wholesale financing of new passenger and new commercial cars remained at approximately the same level as during August 1942. The volume of outstanding balances for this type of paper, however, decreased 10% from Aug. 31, 1942 to Sept. 30, 1942.

A comparison of the retail diversified financing by sales finance companies during September 1942, with their respective volumes recorded in August of this year, showed furniture financing at approximately the same level, but decreases were registered in the volume of financing for residential building repair and modernization (2%), other household appliances (4%), radios and other musical instruments (10%), and refrigerators (14%). In wholesale diversified financing the volume of paper acquired by sales finance companies was 15% less in September than in August of this year.

As of Sept. 30, 1942, compared with Aug. 31, 1942, the volume of diversified outstanding balances held by sales finance companies decreased 7% for the retail financing of other consumers' goods, 8% for industrial, commercial, and farm equipment, and 12% for wholesale diversified financing (other than automotive).

The ratios of the paper acquired during September 1942 to the outstanding balances as of Sept. 30, 1942 were 4% for retail automotive, 4% for wholesale automotive, 12% for wholesale—other than automotive, 3% for retail—other consumers' goods, and 2% for industrial, commercial, and farm equipment.

These data on the current trends of sales financing during September 1942 were based on reports from 264 sales finance companies. Neither the dollar volumes nor the indexes should be used to indicate the total amount of financing by all sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. The figures presented in tables below are not comparable to those published for previous months since monthly reports have not been received each month from identical sales finance companies. All indexes for September were obtained by calculating the percent changes from August to September, as shown by data on reports for both months from the same sales finance companies, and by linking these percentages to the indexes previously derived for August 1942.

Sales—Finance Companies

AUTOMOTIVE AND DIVERSIFIED FINANCING

August 31, 1942

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

Class of Paper—	Dollar volume of paper acquired during September, 1942 By all companies	By all companies reporting outstanding balances†	Outstanding balances Sep. 30, 1942†	Ratio of paper acquired to outstand'g balances‡
Total retail automotive	$21,121,561	$20,591,102	$487,055,343	4
Total wholesale automotive	9,368,075	9,288,418	220,340,215	4
Total wholesale—other than automotive	481,322	444,122	3,677,553	12
Total retail—other consum. goods	6,296,613	6,022,721	187,200,239	3
Industrial, commercial and farm equipment	344,279	315,313	14,890,550	2
Total sales financings	$37,611,870	$36,661,676	$913,163,900	4

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

‡Ratios obtained by dividing paper acquired (column 2) by outstanding balances (column 3).

AUTOMOTIVE FINANCING *

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

Class of Paper—	Number of cars Number	% of total	Paper acquired Dollar Volume	% of total
Total retail automotive	47,924	100	$20,329,802†	100
New passenger cars	4,593	9	3,782,638	19
New commercial cars	238	1	270,751	1
Used passenger cars	41,291	86	15,436,480	76
Used commercial cars	1,802	4	839,933	4
Total wholesale automotive	----	--	$8,313,390†	100
New cars (passenger and commercial)	----	--	5,565,494	67
Used cars (passenger and commercial)	----	--	2,747,896	33

*Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. †These amounts are less than those reported in above table due to the exclusion of some data for which breakdowns were not available.

DIVERSIFIED FINANCING *

Volume of Paper Acquired During September, 1942

Class of Paper	Dollar Volume	% of total
Retail—other consumers' goods:		
Furniture	$205,053	5
Radios, pianos & other musical instruments	65,989	2
Refrigerators (gas and electric)	161,734	4
Other household appliances	131,698	3
Residential building repair and modernization	2,135,702	50
Miscellaneous retail	705,774	17
Total retail—other consumers' goods	$3,405,950†	81
Total wholesale—other than automotive	481,322	11
Industrial, commercial, and farm equipment	344,279	8
Total diversified financing	$4,231,551	100

*Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. †This amount is less than that reported in first table due to the exclusion of some data for which breakdowns were not available.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Nov. 6 a summary for the week ended Oct. 31, 1942, 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, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

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

Week Ended Oct. 31, 1942

	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	10,844
Number of Shares	301,275
Dollar Value	10,036,530
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	108
*Customers' other sales	12,360
Customers' total sales	12,468
Number of Shares:	
Customers' short sales	2,736
*Customers' other sales	324,856
Customers' total sales	327,592
Dollar Value	9,299,967
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	160
†Other sales	103,340
Total sales	103,500
Round-lot Purchases by Dealers—	
Number of Shares	78,410

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

Lumber Movement—Week Ended Oct. 31, 1942

Lumber production during the week ended Oct. 31, 1942, was 4% less than the previous week, shipments were 7% greater, new business 16% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 15% above production; new orders 3% below production. Compared with the corresponding week of 1941, production was 4% less, shipments 0.4% greater, and new business 4% less. The industry stood at 130% of the average of production in the corresponding week of 1935-39 and 154% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first 43 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 2% above the shipments, and new orders 7% above the orders of the 1941 period. For the 43 weeks of 1942, new business was 19% above production, and shipments were 13% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 72% on Oct. 31, 1942, compared with 33% a year ago. Unfilled orders were 56% greater than a year ago; gross stocks were 30% less.

Softwoods and Hardwoods

Record for the current week ended Oct. 31, 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	445	445	461
Production	247,790	258,972	258,305
Shipments	286,162	284,965	266,552
Orders	239,560	248,379	285,829

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	360	99
Production	237,011—100%	10,779—100%
Shipments	270,624—114	15,538—144
Orders	226,298—95	13,262—123

Revenue Freight Car Loadings During Week Ended Oct. 31, 1942 Totaled 890,469 Cars

Loading of revenue freight for the week ended Oct. 31, totaled 890,469 cars, the Association of American Railroads announced on Nov. 5. This was a decrease below the corresponding week of 1941, of 4,276 cars or 0.5%, but an increase above the same week in 1940, of 95,672 cars or 12.0%.

Loading of revenue freight for the week of Oct. 31 decreased 12,777 cars or 1.4% below the preceding week.

Miscellaneous freight loading totaled 431,178 cars, a decrease of 1,322 cars below the preceding week, but an increase of 29,928 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 92,222 cars, an increase of 34 cars above the preceding week, but a decrease of 66,699 cars below the corresponding week in 1941.

Coal loading amounted to 169,690 cars, an increase of 2,433 cars above the preceding week, and an increase of 7,379 cars above the corresponding week in 1941.

Grain and grain products loading totaled 47,320 cars, a decrease of 345 cars below the preceding week, but an increase of 11,468 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Oct. 31 totaled 29,804 cars, a decrease of 316 cars below the preceding week, but an increase of 7,953 cars above the corresponding week in 1941.

Livestock loading amounted to 24,843 cars, an increase of 482 cars above the preceding week, and an increase of 5,022 cars above the corresponding week in 1941. In the Western Districts alone, loading of livestock for the week of Oct. 31, totaled 20,642 cars, an increase of 687 cars above the preceding week, and an increase of 4,716 cars above the corresponding week in 1941.

Forest products loading totaled 47,513 cars, a decrease of 1,698 cars below the preceding week but an increase of 3,041 cars above the corresponding week in 1941.

Ore loading amounted to 63,267 cars, a decrease of 12,808 cars below the preceding week, but an increase of 3,889 cars above the corresponding week in 1941.

Coke loading amounted to 14,436 cars, an increase of 447 cars above the preceding week, and an increase of 1,696 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941, except the Eastern, Allegheny, Pocahontas, and Northwestern and all districts reported increases compared with the corresponding week of 1940 except the Eastern.

	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
Four weeks of July	3,321,568	3,413,435	2,822,450
Five weeks of August	4,350,948	4,463,372	3,717,933
Four weeks of September	3,503,658	3,540,210	3,135,122
Week of Oct. 3	907,607	917,896	806,004
Week of Oct. 10	909,957	903,877	811,906
Week of Oct. 17	900,767	922,884	813,909
Week of Oct. 24	903,246	913,605	837,657
Week of Oct. 31	890,469	894,745	794,797
Total	36,748,225	35,820,756	30,654,313

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 31, 1942. During this period only 60 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED OCT. 31

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	413	612	703	1,297	1,415
Bangor & Aroostook	1,867	1,502	1,101	164	273
Boston & Maine	6,649	9,062	8,044	16,284	13,852
Chicago, Indianapolis & Louisville	1,541	1,732	1,366	2,028	2,421
Central Indiana	26	29	17	34	66
Central Vermont	1,044	1,618	1,382	2,241	2,470
Delaware & Hudson	6,309	6,573	6,135	12,834	11,170
Delaware, Lackawanna & Western	6,369	6,573	6,135	12,834	11,170
Detroit & Mackinac	454	592	610	165	144
Detroit, Toledo & Ironton	1,779	2,511	2,758	1,169	1,315
Detroit & Toledo Shore Line	344	381	473	2,905	4,170
Erie	12,093	15,760	14,018	16,826	15,493
Grand Trunk Western	4,276	6,014	5,810	8,100	9,369
Lehigh & Hudson River	243	168	171	2,969	2,569
Lehigh & New England	2,043	1,941	1,975	2,028	1,554
Lehigh Valley	8,522	9,328	9,132	12,585	10,249
Maine Central	2,466	3,097	2,837	3,235	3,103
Monongahela	5,900	6,419	4,043	361	406
Montour	2,316	2,332	1,974	24	80
New York Central Lines	50,244	55,268	47,501	55,954	51,775
N. Y., N. H. & Hartford	9,686	13,220	10,771	18,672	16,735
New York, Ontario & Western	960	1,137	1,056	2,424	2,465
New York, Chicago & St. Louis	7,894	7,008	6,399	15,632	13,653
N. Y., Susquehanna & Western	376	529	417	2,378	1,670
Pittsburgh & Lake Erie	8,294	9,331	7,866	8,829	9,224
Pere Marquette	6,292	7,395	6,822	7,021	6,565
Pittsburg & Shawmut	736	681	471	16	26
Pittsburg, Shawmut & North	464	423	465	256	353
Pittsburgh & West Virginia	1,064	1,187	644	2,489	2,722
Rutland	345	626	628	1,089	1,132
Wabash	6,178	6,277	5,683	13,458	10,653
Wheeling & Lake Erie	5,379	5,609	4,383	4,558	4,322
Total	163,673	187,693	164,766	229,958	210,545
Allegheny District—					
Akron, Canton & Youngstown	808	666	536	1,072	1,059
Baltimore & Ohio	40,782	42,170	36,280	28,822	23,833
Bessemer & Lake Erie	5,759	5,016	6,724	2,262	1,990
Buffalo Creek & Gauley	*306	274	297	*3	3
Cambria & Indiana	1,855	1,996	1,709	7	21
Central R. R. of New Jersey	7,699	8,265	7,331	20,052	16,160
Cornwall	706	661	112	41	49
Cumberland & Pennsylvania	232	247	287	20	29
Ligonier Valley	134	115	132	44	51
Long Island	1,333	880	798	3,616	2,957
Penn-Reading Seashore Lines	1,986	1,926	1,515	2,210	1,767
Pennsylvania System	85,097	88,743	70,325	68,502	58,519
Reading Co.	14,726	16,707	15,463	28,906	24,201
Union (Pittsburgh)	22,132	20,181	19,079	7,404	5,430
Western Maryland	3,896	4,424	3,681	13,102	10,099
Total	187,451	192,271	164,269	176,063	146,168
Pocahontas District—					
Chesapeake & Ohio	28,545	30,057	23,042	13,766	14,049
Norfolk & Western	22,458	22,465	19,631	8,490	6,932
Virginian	4,891	4,705	3,888	2,322	2,308
Total	55,894	57,227	46,561	24,578	23,289
Southern District—					
Alabama, Tennessee & Northern	359	412	270	395	211
Atl. & W. P.—W. R. R. of Ala.	756	892	865	2,634	2,129
Atlanta, Birmingham & Coast	750	769	726	1,271	1,256
Atlantic Coast Line	11,741	11,585	10,024	10,253	7,216
Central of Georgia	4,190	4,728	4,230	4,880	4,100
Charleston & Western Carolina	413	485	443	1,530	1,674
Clinchfield	1,880	1,815	1,294	2,666	2,849
Columbus & Greenville	526	393	360	374	512
Durham & Southern	140	197	169	453	520
Florida East Coast	962	479	736	1,520	969
Gainesville Midland	43	36	33	89	100
Georgia	1,352	1,676	1,299	2,599	2,478
Georgia & Florida	367	469	309	615	856
Gulf, Mobile & Ohio	4,479	4,118	4,016	4,776	3,687
Illinois Central System	30,633	27,684	23,327	17,277	14,674
Louisville & Nashville	26,169	26,443	21,879	12,215	9,423
Macon, Dublin & Savannah	203	212	140	688	682
Mississippi Central	184	145	168	541	381
Nashville, Chattanooga & St. L.	3,782	3,874	3,359	5,275	3,844
Norfolk Southern	1,315	1,197	1,297	1,453	1,333
Piedmont Northern	355	521	458	1,287	1,658
Richmond, Fred. & Potomac	409	468	380	10,194	6,233
Seaboard Air Line	10,515	10,577	10,240	8,689	7,114
Southern System	24,185	25,351	23,626	25,441	21,880
Tennessee Central	574	578	461	1,159	812
Winston-Salem Southbound	148	134	154	1,001	1,027
Total	126,430	125,238	110,263	119,275	97,618
Northwestern District—					
Chicago & North Western	21,029	22,158	20,872	15,893	11,446
Chicago Great Western	2,502	2,680	2,720	3,587	3,579
Chicago, Milw., St. P. & Pac.	22,175	22,985	20,764	10,626	9,112
Chicago, St. Paul, Minn. & Omaha	3,707	4,102	3,658	4,164	4,399
Duluth, Missabe & Iron Range	21,448	19,545	20,468	428	266
Duluth, South Shore & Atlantic	1,013	1,537	1,216	675	508
Elgin, Joliet & Eastern	9,867	10,127	9,475	11,471	9,196
Ft. Dodge, Des Moines & South	589	548	559	118	170
Great Northern	21,477	20,772	18,486	5,810	4,225
Green Bay & Western	539	691	688	752	764
Lake Superior & Ishpeming	2,757	2,543	3,781	40	62
Minneapolis & St. Louis	2,330	1,819	1,981	2,711	2,566
Minn., St. Paul & S. S. M.	7,273	8,038	6,827	3,415	2,880
Northern Pacific	14,129	13,752	12,265	5,435	4,482
Spokane International	203	205	254	559	316
Spokane, Portland & Seattle	2,737	2,710	2,082	3,441	2,314
Total	133,775	134,212	126,096	69,125	56,285
Central Western District—					
Atch., Top. & Santa Fe System	25,665	23,218	22,776	13,049	9,022
Alton	3,280	3,318	3,155	5,195	2,895
Bingham & Garfield	408	1,025	421	111	65
Chicago, Burlington & Quincy	22,669	19,625	17,558	14,431	11,636
Chicago & Illinois Midland	2,438	2,800	2,218	909	796
Chicago, Rock Island & Pacific	12,953	12,635	13,074	14,188	10,743
Chicago & Eastern Illinois	2,682	2,937	2,604	4,138	3,147
Colorado & Southern	1,540	1,519	1,354	1,988	1,829
Denver & Rio Grande Western	5,697	4,826	4,632	6,509	3,943
Denver & Salt Lake	882	742	515	12	19
Fort Worth & Denver City	1,553	1,141	1,214	1,669	1,173
Illinois Terminal	1,925	1,851	1,706	2,019	1,806
Missouri-Illinois	1,281	1,189	956	494	473
Nevada Northern	2,150	1,915	1,866	120	135
North Western Pacific	1,222	1,029	765	682	445
Peoria & Pekin Union	29	23	40	0	0
Southern Pacific (Pacific)	32,787	31,440	28,900	11,671	8,245
Toledo, Peoria & Western	430	335	346	2,057	1,730
Union Pacific System	22,461	22,838	20,321	18,602	13,13[illegible]
Utah	612	423	446	2	2
Western Pacific	2,284	2,509	2,012	4,862	3,55[illegible]
Total	144,948	137,338	126,879	102,708	74,798
Southwestern District—					
Burlington-Rock Island	298	284	159	310	280
Gulf Coast Lines	5,192	3,773	3,099	2,450	2,175
International-Great Northern	3,537	1,983	1,709	3,162	2,592
Kansas, Oklahoma & Gulf	385	224	331	1,273	84[illegible]
Kansas City Southern	4,632	3,006	2,295	2,706	2,794
Louisiana & Arkansas	3,590	2,735	2,035	2,142	2,227
Litchfield & Madison	343	377	281	1,138	1,080
Midland Valley	727	750	507	350	244
Missouri & Arkansas	185	154	221	217	376
Missouri-Kansas-Texas Lines	7,197	4,676	4,424	6,228	3,60[illegible]
Missouri Pacific	18,678	17,091	15,598	19,832	12,475
Quanah Acme & Pacific	*157	141	235	*290	182
St. Louis-San Francisco	10,117	9,220	8,725	9,091	6,195
St. Louis Southwestern	3,266	2,956	3,153	5,475	3,688
Texas & New Orleans	14,058	7,899	7,587	4,762	4,067
Texas & Pacific	5,767	5,296	5,411	7,852	5,051
Wichita Falls & Southern	144	184	175	39	50
Weatherford M. W. & N. W.	25	17	18	22	38
Total	78,298	60,766	55,963	67,339	47,960

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

Non-Ferrous Metals—Production Schedules To Fit Materials Supply Under Revised Plan

Editor's Note.—At the direction 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 Nov. 5, stated: "Donald M. Nelson, Chairman of the War Production Board, on Nov. 2 announced a revised plan for the control of scarce materials, to be put into effect gradually to replace PRP. The purpose of the new 'Controlled Materials Plan' is to make certain that production schedules in manufactured products are adjusted to conform with the available supply of critical materials. Aluminum, copper, and carbon and alloy steel will be the first items to be allotted under the plan. Other materials will be added later. Allotments under the plan will be made by a Requirements Committee to seven claimant agencies — the Army, Navy, Office of Civilian Supply, Aircraft Scheduling Unit, Maritime Commission, Lend-Lease, and Board of Economic Warfare. Though the effective date will be April 1, full operation of the plan is not expected before July 1 next year. The commodity branches will be retained." The publication further went on to say in part:

Copper

Allocations for November copper came through in volume last week. The price situation was unchanged, with domestic consumers obtaining copper on the basis of 12¢, delivered Connecticut Valley. Foreign copper held at 11.75¢, f.a.s. United States ports.

Copper is one of three critical materials that will start the machinery rolling in the improved allocations plan that becomes effective at the beginning of the second quarter of 1943. After taking care of "first things first," the tonnages of copper that will be available for civilian uses other than essential needs will be small. Leon Henderson, commenting on the outlook for civilian supplies for 1943, said his requests for copper will be less than ¾ of 1% of the available supply. The percentage of copper mentioned represents merely the amount asked for. The quantity received will depend on allocations by the Requirements Committee. Essential civilian needs are to be included in the requests for military supplies.

Lead

The lead industry will not operate under PRP until the metal is officially transferred to CMP some time before the middle of 1943. Nothing has been learned during the last week in reference to the revised conservation order. Demand for lead was fairly active and producers could have disposed of more than the amount tons sold during the last week. Quotations were unchanged.

Zinc

Though zinc distribution will come under CMP before long, the industry showed only moderate interest in the new regulations. The metal at present is under strict control, and the new plan, so far as zinc is concerned, should result in no major shift in procedure.

Metals Reserve has been absorbing larger tonnages of the ordinary grades.

Tin

The price situation in tin was without change in the last week. Straits quality tin for forward shipment was nominally as follows:

	Nov.	Dec.	Jan.
Oct. 29	52.000	52.000	52.000
Oct. 30	52.000	52.000	52.000
Oct. 31	52.000	52.000	52.000
Nov. 2	52.000	52.000	52.000
Nov. 3		Holiday	
Nov. 4	52.000	52.000	52.000

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

Platinum

Use of platinum in jewelry manufacture has been stopped by an amendment to Conservation Order M-162. Supply of platinum is just about equal to essential needs, according to WPB. Any platinum which was in process for making jewelry on Oct. 31 may be processed to completion before Jan. 1, but processing must stop on that day. The leading interest has quoted $36 a troy ounce on refined platinum since Sept. 5, 1940.

Quicksilver

Demand for quicksilver has moderated, but the price situation remains firm. Production for the remainder of the year appears to be well sold up. Quotations held at $196 @ $198 per flask, New York.

Silver

Duplicate filing of "voluminous" reports of affidavits supporting sales of newly mined domestic silver, made to OPA and the Mint, has been eliminated by OPA in Amendment No. 48 to Supplementary Regulation No. 14, under General Maximum Price Regulation. Effective Oct. 31, the seller simply files with OPA a short form stating that affidavits have been posted with the Mint. The amendment also makes it clear that when semi-fabricated silver articles are sold by a manufacturer at prices to reflect use of newly mined domestic silver, they may be adjusted upward only to the extent of the amount of newly mined domestic metal purchased and not otherwise disposed of.

London and New York quotations for silver were unchanged throughout the week.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Items About Banks, Trust Companies

The Guaranty Quarter Century Club, composed of employees, officers, and directors of the Guaranty Trust Company of New York who have served the company for 25 years or more, held its annual dinner Nov. 5 at the Starlight Roof of the Waldorf-Astoria with 250 attending. The club has a total membership of 317, including a chapter in London, where the company has had offices for 46 years. The roster also includes 47 members who are retired on pension. Cornelius F. Kelley, Chairman of the Anaconda Copper Mining Co. and a Director of the Guaranty, was the principal speaker at the dinner. Another Director, Charles E. Dunlap, President of the Berwind-White Coal Mining Co., was among the 110 newly inducted members present who have become eligible for membership since the club's last meeting a year ago. William C. Potter, Chairman of the Executive Committee, paid tribute to the 600 members of the Guaranty Trust Company staff who are in the country's armed forces. Other senior officials attending who are members of the club included W. Palen Conway, Chairman of the Board, and Eugene W. Stetson, President. Lawrence D. Scheu was elected President of the club for the forthcoming year, succeeding Elmer G. Tewes. Membership in the club is honorary. In addition to membership certificates and gold service emblems, members other than officers receive annually an extra week's vacation upon attainment of 25 years of service.

Following the meeting of the Board of Trustees of the New York Trust Company on Nov. 4, John E. Bierwirth, President, announced the appointments of Granger Costikyan and James H. M. Ewart as assistant trust officers of the company. Mr. Costikyan is a graduate of Yale University, A. B., 1929. He has been connected with the company for 13 years and is in charge of the Investment Service Department. Mr. Ewart is also a graduate of Yale, A. B., 1924, and Yale Law School, 1927. His association with the company began in 1931 and he has specialized in trust administration.

Wilfred Wottrich, who has been a Trust Officer of Manufacturers Trust Company of New York for the last ten years, has been elected a Vice-President and placed in charge of the bank's Personal Trust Department. He succeeds Elliott Debevoise, Vice-President, who is now stationed at the bank's office at Fifth Avenue and 43rd Street, New York. Mr. Wottrich has been with Manufacturers Trust Company and its predecessor banks for the past 18 years. He is a director of several corporations. During 1930 and 1931, he was Chairman of the Bank Management Conference of New York. Mr. Wottrich is a graduate of New York University and of the Graduate School of Banking, American Bankers Association, Rutgers University.

William F. H. Koelsch, retired Vice-President of the Chase National Bank of New York, died on Oct. 30 at his home in Dobbs Ferry, N. Y. He was 67 years old. Mr. Koelsch had been in charge of the Chase Bank's 34th Street branch prior to his retirement last year. He was President of the 34th Street Midtown Association and had been a Trustee of the West Side Savings Bank, New York City, and a Director of the United States Life Insurance Co., and Oppenheim Collins & Co.

A native of New York City, Mr. Koelsch began his banking career as a messenger for the old Metropolitan Trust Co., with which he was associated for 15 years. He later was associated with the Foreign Exchange Department of the Guaranty Trust Company and subsequently was employed by the former Bank of United States and the Mutual-New Netherland Bank of New York. He had been a Vice-President of the Chase Bank since June 1, 1930.

Elliott M. Eldredge, a Trustee of the Williamsburgh Savings Bank of Brooklyn since 1923, has been elected President of the institution. Mr. Eldredge succeeds the late Henry R. Kinsey, whose death was noted in our Oct. 22 issue, page 1456.

The Peoples Bank & Trust Co., Coshocton, Ohio, has been absorbed by the Commercial National Bank of Coshocton, according to an announcement by the Board of Governors of the Federal Reserve System.

Edward Herz, a Director of Max Herz & Sons, Inc.; Charles S. Macferran, Vice-President of the City National Bank & Trust Co.; Arthur G. Osgood, of the Harris Trust & Savings Bank, and William Schneider, a Director of the Araness Corp., all of Chicago; Ben Kuyk, Secretary-Treasurer, Pella Produce Co., Pella, Iowa, and Clarence L. Strum, partner in A. Strum & Sons, Manawa, Wis., have been admitted to membership in the Chicago Mercantile Exchange.

Federal Reserve Banks Cut Discount Rates

The 12 Federal Reserve Banks have reduced their discount rates from 1% to ½% on advances to member banks, when such advances are secured by direct or fully guaranteed Government obligations having a year or less to run to call date or maturity.

This reduction was started two weeks ago by the Reserve Banks of Atlanta, Chicago, Dallas and Philadelphia and the other banks followed in due course. The Boston, Cleveland, St. Louis and Kansas City Reserve Banks acted on Oct. 27, the Richmond and San Francisco Banks on Oct. 28, the New York Bank on Oct. 29 and the Minneapolis Bank on Oct. 30.

The major purpose of reducing the rate on notes secured by short-term Government obligations was, as explained by the Cleveland Bank, "to interpose no obstacle to borrowing by banks which find it necessary to offer Treasury bills, certificates of indebtedness, or other short-term Government securities or guaranteed issues as collateral for advances to meet temporary needs. It was anticipated that the low rate also might encourage more substantial purchases of such obligations."

Some of the other discount rates were similarly reduced by most Reserve Banks.

The New York Reserve Bank's action in this respect was as follows:

The rate on advances to member banks against other collateral than governments and "eligible paper" was lowered from 2 to 1½%.

The rate on advances to individuals, partnerships and corporations other than banks, secured by direct U. S. Government obligations was reduced from 3½ to 2½%.

The New York Reserve Bank, as well as most of the other Reserve Banks, left unchanged the 1% rate on advances to member banks on Government securities maturing in more than one year and on "eligible paper." The bank also left unchanged the 1% rate on advances to non-member banks secured by direct obligations of the Government.

Allan Sproul, President of the local Reserve Bank, makes public the following Rate Schedule of Federal Reserve Bank of New York, in effect Oct. 30, 1942.

Rediscounts For and Advances to Member Banks:

(a) Advances under the eighth and thirteenth paragraphs of Section 13 of the Federal Reserve Act specifically secured by direct obligations of the United States, or such obligations fully guaranteed as to principal and interest by the United States as are eligible for collateral under the eighth paragraph of Section 13, which have one year or less to run to call date, or to maturity if no call date—½% per annum.

(b) Advances under the eighth and thirteenth paragraphs of Section 13 of the Federal Reserve Act specifically secured by direct obligations of the United States, or such obligations fully guaranteed as to principal and interest by the United States as are eligible for collateral under the eighth paragraph of Section 13, which have more than one year to run to call date, or to maturity if no call date—1% per annum.

(c) Other advances and discounts under Sections 13 and 13a of the Federal Reserve Act—1% per annum.

(d) Advances under Section 10 (b) of the Federal Reserve Act—1½% per annum.

Advances to Non-Member Banks:

Advances under the last paragraph of Section 13 of the Federal Reserve Act secured by direct obligations of the United States—1% per annum.

Advances to Individuals, Partnerships and Corporations Other Than Banks:

Advances under the last paragraph of Section 13 of the Federal Reserve Act secured by direct obligations of the United States—2½% per annum.

Industrial Advances and Commitments Under Section 13b of the Federal Reserve Act:

(a) Advances direct to industrial or commercial businesses, including advances made in participation with financing institutions—2½ to 5% per annum.

(b) Commitments to make advances direct to industrial or commercial businesses—10 to 25% of rate to be charged borrower with a minimum of ½%.

(c) Advances taken over from financing institutions under commitments—rate charged borrower on portion for which Federal Reserve bank assumes the risk, and rate charged borrower less the commitment charge on portion on which financing institution assumes the risk.

(d) Commitments to financing institutions — 10 to 25% of rate charged borrower with a minimum of ½%, provided that no commitment shall be given on loan on which borrower is charged more than 5%.

NYSE Borrowings Lower

The New York Stock Exchange announced on Nov. 5 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Oct. 31 was $357,343,929, a decrease of $7,691,118 from the Sept. 30 total of $365,035,047.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the U. S., excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business Oct. 31, 1942, aggregated $357,343,929.

The total of money borrowed, compiled on the same basis, as of the close of business Sept. 30, 1942 was $365,035,047.

Bank Of Montreal Canada's Oldest Bank, Now Observing Its 125th Anniversary

Canada's oldest banking institution—the Bank of Montreal—observed on Tuesday of this week the completion of a century and a quarter of continuous and successful operation. Founded on November 3, 1817, half a century before Canadian Confederation, at a time when Canada was but a few scattered, sparsely-settled colonies, the bank gave the Canadian people their first organized system of finance. It was responsible for the issue of the country's first real money, and it established Canada's branch banking system — a financial system which has for many years received international praise for its stability and elasticity, particularly during the trying times of the last decade. It is pointed out that in observing its 125th anniversary, the Bank of Montreal can look back upon an impressive record; on every banking day for a century and a quarter, through good times and bad, through peace and war, its doors have never failed to open for the transaction of business. The announcement in the matter sketching the bank's career says:

"The bank was organized by nine Montreal merchants on June 23, 1817, and opened for business on the following November 3. The young bank immediately set about the business of giving some semblance of organization to the financial life of the country, and its first task was the issue of paper currency — that is, the bank's own bills in small denomination—and later, copper coins. Specimens of this currency—which was in reality the first Canadian money—are preserved in the bank's museum in Montreal.

"Besides providing a medium of exchange such as had hitherto been lacking, the bank nursed along the early enterprises of the country and did much to straighten out the difficulties of international as well as interurban trading theretofore conducted solely by barter or in foreign currencies.

"In the achievement of this, one of the most important factors was the creation of the branch banking system, which was a part of the bank's policy from its early days. As the years went on and settlement spread out, the bank opened branches to facilitate the agricultural development of the country, its manufacturing industries and its general commerce.

"Today the bank has more than 450 branches throughout Canada and Newfoundland and its own offices in London, New York, Chicago and San Francisco. Its record resources of over $1,100,000,000 and capital and reserves in excess of $76,000,000 today stand in sharp contrast to its figures of a century and a quarter ago, when the bank began business with a capital of $350,000. Perhaps a more graphic indication of the bank's growth and the assistance it has rendered toward the development of the country is the fact that it now has more than a million deposit accounts—about one in every four in the Dominion.

"One of the major undertakings of the Bank of Montreal during its long career was the financing of Canada's first transcontinental railway—the Canadian Pacific. The Bank of Montreal placed its resources to a marked extent behind the project. Subsequent events have completely justified the bank's directors in backing this undertaking which, more than any other, contributed to the settlement and development of Canada's vast western areas.

"At the time of the bank's 100th anniversary in 1917, Canada was at war. Today, as the bank passes its 125th milestone, Canada is again at war. Under the stress of war conditions, the institution with its resources, its 125 years' experience and its nationwide system of branches, is playing its part in the nation's war effort, just as it did 25 years ago. In hundreds of communities great and small, the bank is working with Canadian industry and agriculture by furnishing credit and the many essential banking and financial services. Further, it is aiding the government by promoting victory loan campaigns, by the sale of war savings stamps and certificates and in other war activities."

The Agency of the Bank of Montreal at 64 Wall Street, New York, this year reached the 83rd milestone of its establishment in New York. The office was opened in 1859 to facilitate the then rapidly growing trade between the United States and Canada, and in the intervening years, it has assumed a leading role among the foreign banking agencies in the city. The New York Agency, it is noted, is located on the site of the famous old buttonwood tree where the first stock brokers in the United States met and conducted the business of the day.

Hutto Named N. Y. State Banking Superintendent

The appointment of Jackson S. Hutto as Superintendent of Banks of New York State was announced on Oct. 30 by Governor Herbert H. Lehman. Mr. Hutto, who has been Deputy Spuerintendent and Counsel since 1936, was named to succeed William R. White, who resigned to become Vice President of the Guaranty Trust Co. of New York. Mr. Hutto has been associated with the State Banking Department since 1934, when he was appointed principal attorney. He has also served as Secretary of the Banking Board for the last six years. Mr. Hutto's appointment is for the unexpired portion of the term which ends Dec. 31, when Governor Lehman's term of office ends.

Mr. Hutto was born in Morrillton, Ark., and is 37 years old. He was graduated from Hendrix College, Conway, Ark., in 1926 and from Harvard Law School in 1930. He became associated with the law firm of Hornblower, Miller & Garrison in September, 1930, and remained with that firm until his appointment to the State Banking Department in 1934.

Name New Directors Of N. Y. Reserve Bank

The Federal Reserve Bank of New York announces that Warren W. Clute, President of the Glen National Bank of Watkins Glen, Watkins Glen, N.Y., has been nominated as a Class A Director of the Bank for the term from Jan. 1, 1943 to Dec. 31, 1945, to succeed Neil H. Dorrance, President of the First National Bank and Trust Co., Camden, N. Y.

The Bank also announces that Carle C. Conway, a Class B Director, whose term expires Dec. 31, 1942, has been renominated for a three-year term. Mr. Conway, who is Chairman of the Board of the Continental Can Co., has served as a Class B Director of the Reserve Bank since March 6, 1942.

Only banks in Group 3, (those with capital and surplus of $300,000 and less) are entitled to vote for these directors. The polls were opened on Nov. 2 and will close at noon on Nov. 17.