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Forecasts Money And Credit Rationing; Declares Banks Must Adapt To War Conditions

Asserting that "banking-as-usual, like business-as-usual, must now be a thing of the past," Preston Delano, Comptroller of the Currency, in addressing the National Association of Supervisors of State Banks in Philadelphia on Nov. 17, added that "adaptation to the conditions imposed by war is a price of survival." In his remarks Mr. Delano referred to the fact that "wartime necessity is destroying the familiar pattern of peacetime," noting that "at this moment in the Albany-Troy area of New York we have a novel and dramatic example of the banker's increased wartime function." Continuing, he said:

"Under the supervision of the Office of Price Administration, Albany and Troy banks are handling rationing accounts of goods and commodities as well as the usual money and credit. Shortly the lessons learned from this experiment will be utilized to devise a nation-wide rationing system involving all the banks of the country. This is but one more result of the impact of total war upon our financial system.

"As has been said before, these dislocations in our economic life are costly and burdensome, but they are infinitely less costly and less burdensome than those which would be imposed by defeat. The decent forces of mankind are challenged by a philosophy of force which treats with scorn every hope of a better world. We can all enlist in this cause for our quarrel is just."

"A major problem of war finance," said Mr. Delano, "is to prevent people from wasting their

money in a fruitless attempt to obtain goods and services they can not have. What the government needs to conduct the war, it is going to get; and what civilians do not need, they should not try to get.

"They will," he said, "be tempted to employ their swollen incomes, to be sure, in an effort to obtain unnecessary goods and services. But this will not increase the amount of goods and services available for purchase; it will increase only the prices they must pay for a definitely restricted quantity of the same goods and services. Money, in short, is not the all-powerful instrument in wartime that it is in peace. In peacetime, it gave command over goods and services; in wartime, it gives command over neither goods nor services. It commands only prices." He further said:

"Wise fiscal policy, therefore, attempts to reduce to a minimum the harm that money and credit can do under wartime pressures. If one-half of all the things we produce will be devoted to war, then one-half of the money that the American people will earn (Continued on page 1896)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

Well, inasmuch as we have won the Second World War, naturally there comes up the question of how we are to divide Second World Peace. It is an awful thing to contemplate while the boys are still out in the Solomons and have just moved in on North Africa. But it must be borne in mind that our Advanced Thinkers are always an episode ahead. It is something that the boys in the Solomons and the boys in North Africa wouldn't appreciate, no more than they did the YMCA boys in the last war, but if they don't understand the Advanced Planning that is going ahead of them, well, that's just the way of soldiers.

We Advanced Thinkers must get along with our stuff. With a view to getting along with our stuff we had a talk the other day with Sir Wilmott Lewis. Sir Wilmott has been long in this country and for long he has dominated the Washington correspondents' corps. Sir Wilmott is a Britisher who started out in life by playing Hamlet to London audiences without any great reception. Lacking a success in that field he wandered off to the Far East and it came about that he represented Bennett's New York "Herald" in the first Chino-Japanese war. The story of Bill Lewis is somewhat obscure in those days, but to get on with the story, when this writer arrived in Washington, Bill was the correspondent of the "London Times," and had married a very wealthy American girl.

It was about this time that the British Government thought he rated a title and he became Sir Wilmott. Thereafter Sir Wilmott, thus endowed, went all over the country making speeches about Anglo-American affairs, and although no one of his audiences could ever understand him because of his deep British accent,

it was a lot of clean fun. A coffee manufacturer thought once that Bill would be an awful good spot on the radio but dropped it because none of this sponsor's coffee drinkers could tell what Bill was saying.

Nevertheless, Bill was a legend in those days. The British sent one ambassador after another over here, and the Washington correspondents would say, of one accord, that he didn't amount to a tinker's dam, because Bill Lewis was the real ambassador from Britain.

We've gone to this extent telling about Bill, notwithstanding we've never understood a word he said, because there have been magazine stories written about him—and also, Bill or Sir Wilmott is now worried. In the way in which Sir Wilmott has always had of easing up to a table of journalists and giving his ideas of the world, he eased up to our table recently and said:

"You've got to bear in mind that he said this in his usual deep guttural voice, which has given him unusual standing in the Washington midst, to say nothing of those business groups which he has addressed for a fee out in the country. Well, anyhow, Sir Wilmott said:

"The Washington newspapermen are not writing the proper story."

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THE FINANCIAL SITUATION

The very considerable attention given to post-war problems by several of the speakers at the Forum conducted last week by the New York "Herald Tribune" at precisely the time that some of the "political" difficulties inherent in our North African campaign were being widely aired, should bring forcibly to the attention of the American people certain aspects of the post-war planning and discussion which are now taking place, and which need more realistic study than they are receiving in many quarters. That the American people can not afford to delay consideration of these questions until after hostilities cease to divert their attention was made clearer and more definite by the pointed suggestion of Undersecretary of State Sumner Welles (which we must assume was known in advance and approved by the President) that international agreements to govern the post-war situation be reached at least in broad outline now rather than after an armistice has been signed.

Post-War Dreams

Post-war planning in the international scene appears to be much less advanced than in the domestic field, so far as Washington authorities are concerned—or else a much greater measure of caution is exercised in giving them public expression—but enough has been indicated of the general trend of official thought to cause very considerable uneasiness among thoughtful observers. So far as the comments of last week are concerned, some cause for encouragement appeared at points. Sir Stafford Cripps, a brilliant but erratic and often unpredictable figure in the British scene, revealed a comforting understanding of the Utopian nature of some of the proposals which have been coming forth thick and fast from various sources, particularly in this country. "It is better," he warns the visionaries, "to do a little thoroughly and with success than to fail ambitiously." He then adds more specifically that "to set out to build a world-wide economic federation of all nations would indeed be a glorious objective, provided we realize it is unattainable now and that it will probably remain so perhaps for generations." Sumner Welles, too, won the gratitude of many thoughtful students of international affairs when he dashed cold water upon the enthusiasts who assert by implication, if not expressly, that "the United States must assume the burdens of the entire globe, must see to it that the standards in which we ourselves believe must im-

(Continued on page 1891)

Real Americanism

The only way to service the vast debt we are now creating and to measure up to the possibilities of the post-war challenge is to produce wealth on a scale never before envisaged; to produce it at low costs, and to accomplish an abundance and a variety which will call out our total energies and our finest creative powers.

In order to do this production must be profitable. The theory that you can generate wealth, peace or prosperity by the lavish expenditure of money is utterly false. When production is genuinely profitable, there is something to tax, there is something to save, and there is the stimulation of investment, which is one of the basic essentials in a dynamic society.

I cast my lot with those who believe in the American way of life; who are unwilling to see it compromised; who know its potentials for good, and who believe that we can now enter upon the greatest period of constructive building which the world has ever known.—Henry J. Kaiser.

We hope Mr. Kaiser's record as a master of production will lend added emphasis and influence to this clarion call of real Americanism.

Editorial—

Insurance Dabbles In Tax-Reform

By W. C. BETTS

A fortnight ago, we stated that the stock capital companies doing a casualty insurance business, and chafing under the inroads into their income made by their rivals, the mutual companies, had recently started something unusual in the legislative corridors of Washington. And we expressed concern lest the sword-bearers of the casualty business might be hurting themselves worse than their opponents. Details have now come to hand which make it useful to look further into the matter. We do so primarily because our readers are interested to a high degree in the present and future of insurance stocks, as investments.

When we say that the casualty companies "started something unusual" it is because, as far as we know, it is an innovation in the strategy of business competition to ask legislators to impose Federal taxes on your rivals, presumably to confuse or discomfit them.

Probably, instances of the opposite procedure could be cited. Appeals to law-makers for relief from taxation, on the plea that rival interests were going scot-free, can be understood. But to act per contra is so suggestive of playing with high explosives, that one is amazed to learn it has happened. All the more astounding is it to find such action taken by a business body securing some 85% of the income presently derivable in its particular field.

While it is true that the income of the stock casualty insurance companies has been menaced constantly, the profit on such income has not been shrinking grievously. In fact, the stockholders have been receiving steady and handsome dividends, especially in recent years. So true is this that one can not readily imagine that, if these shareholders were consulted on the expediency of combating business opponents by discussing their payments of taxes with Government officials, they would want to countenance such action. For, shareholders possess a leporine shyness of discussions of any taxation on income.

The more one looks into the modus operandi of this recent legislative endeavor, the more one's amazement grows. The assistant general manager of the Association of Casualty and Surety Executives presented the "case" for the capital stock companies, with the assistance of "tax counsel of a number of the member companies." To arrive with an array of such talent before the Finance Committee of the Senate, and the Ways and Means Committee of the House of Representatives in itself sets these chambers agog. But to do so merely to ask that a group of competitors be taxed in the same fashion as you are yourself, looks either overly nefarious, or like using a five-ton truck to do a wheelbarrow job.

The retiring President of the Association of Casualty and Surety Executives, evidently wishing that the designs of his Association should not be misconstrued, explained that his cooperating tax counselors were not to urge anything more than "fair play as between companies which are on an equal competitive basis"; merely "equal treatment" all round; in all "fairness," Congress was to do unto others only what Congress was already doing to the petitioners.

So the assistant manager and his retinue of advocates and pleaders set to work in Washington, and obviously, the legislators were not slow in striking oil, or rather digging up interesting figures. To convey our meaning succinctly, let us digress and quote from an outstanding authority on such statistics:

The Federal taxes paid in 1941, by 195 stock fire insurance com-

panies with an aggregate net premium income of \$946,350,000, averaged 66 cents per \$100 of net premium income. The stock casualty companies, 140 of them, paid more: on a net premium income aggregating \$963,551,000 they paid on an average, \$1.10 per \$100. Thus, the burden of taxation which the learned delegation wanted to see placed on the shoulders of the mutual companies, if this could be done "equally," was no more than 66 cents per \$100 of fire premiums, and \$1.10 for every \$100 of casualty premiums. Let us call it an over all impost of \$1 per \$100 of net premium income.

Offhand, even if this charge were placed on the entire premium income of the mutual companies, and if they could not absorb it without wincing (which we doubt), so that they would have to levy \$101 where they previously charged \$100, one wouldn't conclude that the mutuals would lose much business on that account. And certainly, one would not expect to see that business reverting to the stock companies. Then what good would the stock companies accomplish? Apparently nothing more than comes from forcing a refractory boy to wear his itchy flannels! Did it never occur to this delegation of "tax counsels" that discussing the details of income and outgo with the country's professional cash-raisers might raise something besides cash?

Well, the gentlemen-adventurers and explorers (for the Treasury started peering, as is their pe-dantic rule, somewhat below the surface. As might have been imagined they were aided in their scrutiny by none other than the onlookers for the mutual companies. Oddly enough, they came forward with facts and figures which were not specially prepared for public study.

Among others, they pointed to the figures of the very company with which the retiring President of the Association of Casualty and Surety Executives was connected. Probably, they hinted that they furnished to him an opportunity to do some "equalizing" of taxes without his leaving his business domicile. Let us put it that it was brought out that this company, in 1941, did not pay Federal income taxes at the rate of \$1.10, as on an average had been paid by all casualty companies, but on the basis of 21 cents per \$100. And how had our company managed to do this? Oh, entirely within the law—a defective law, if you like: one that the supervisory insurance departments will doubtless seek to remedy promptly, if for no other reason than that it is not available to the rest of the stock casualty companies, save a rare few.

Let us drop that matter for the present, and look at the results of trying to use a detour instead of a main highway. The results have been brought out clearly and in insurance circles have created, let us say, a profound impression. They include the turning of a glaring light on the operations of the casualty insurance business. Expressed concisely, the retiring President's company paid during the last five years (including 1941), for Federal income taxes, the total sum of \$122,000. In the same period, the company made a net underwriting profit of \$25,406,000, and a subnormal profit on

investments of \$11,766,000. Out of these \$37,000,000 of joint profits, the shareholders were paid cash dividends at the rate of \$3,200,000 a year—16 million dollars.

How any high-ranking officer of a company making such a financial showing, could embark as the bo'sun of a legislative venture to make anybody, competitor or not, stock or mutual, pay more taxes on an "equally fair" basis, or on any basis, is one of the surpassing mysteries. It is comparable only with the one which envelops the order of precedence of the egg and the pullet.

It is not for us to try to dispel the clouds which enwrap such occult happenings as these, nor to conjecture on the kind of tangled skein into which the thoughts of the "tax counselors," aforementioned, must have been elaborately unravelled when they set out on their counselling mission to Washington: there are depths of bungling which defy all attempts to plumb them.

The Revenue Act of 1942 could not be revised, nor kept waiting till the full implications of the revelations just mentioned could be ascertained. But they will be. For there are too many persons interested in seeing that the pitiable venture into "equalization of taxation," just reviewed, shall not be forgotten.

For one thing, it would be an egregious self-delusion to imagine that the law-makers who caught a glimpse of an unsuspected treasure-trove are going to overlook the next opportunity to find out just how green are the valleys they saw, and how far their borders extend.

The ordeal of offensive inquisition through which the life insurance companies passed during three recent years ended in nothing so impressive as the discomfiture of the inquisitors. But it could well serve as an object-lesson to the casualty companies. The manifesto to which it gave rise, signed by 151 life insurance company presidents was a magnificent defense against the attempts to regulate the daily life and activities of the signatories. But it was also a reflection of the authors' sense of the peril with which their companies were faced. It would be well if the companies made a study of that abortive attempt to "supervise" the life companies out of their directive capacities.

For, today, the casualty companies, and only to a slighter degree the fire companies, are far more vulnerable than the life companies ever have been since the time when the Armstrong investigation became a hazy memory. There is time for that study—while the present world-conflict lasts. When hostilities cease, and the stupendous program of reconstruction is under way, who can say that the 2-billion-dollar business of fire and casualty insurance will not come up for a thorough overhauling by Government agencies?

On what excuse? Oh, let us say to find out whether it could make a "fairer" contribution to the Public Treasury—if only the industry were run with adequate efficiency. At that time, as an illustration, someone is sure to recall that, as recently as in 1942, the only new weapon that the executives of the casualty companies brought out in their life-long battle with the mutual companies was the "tax-equalizing" fly-swatter—and that had too much resilience to it!

*Commercial & Financial Chronicle, Vol. 151, p. 1354.

Papers Consolidated

Consolidation of Poughkeepsie's (N. Y.) morning, afternoon and Sunday newspapers into a single afternoon and Sunday paper, effective Nov. 16, for the war's duration, was announced on Nov. 12, it is learned from Poughkeepsie

The State Of Trade

Industrial activity continues to expand, with not a few quarters reporting new high levels. Electric power production reached a new peak, and building awards were reported at an all-time peak.

The Federal Reserve Board reported that its adjusted index of industrial activity in the United States reached a new record high of 188% of the 1935-1939 average in October, an increase of 3 points over the preceding month and of 24 points over the corresponding 1941 month.

Retail business expanded moderately during the past week to reach new high levels in one of the best fall seasons on record, although a leveling off tendency in the upward sweep of buying was apparent, according to Dun & Bradstreet.

Department store sales on a country-wide basis were up 13% for the week ended Nov. 14, compared with the same week a year ago, according to the Federal Reserve System. Store sales were up 16% for the four-week period ended Nov. 14, compared with last year, and up 11% for the year to Nov. 14, compared with the same period in 1941.

Sales of New York City department stores jumped sharply in the week ended Nov. 21, as compared with last year, recording an increase of 26%, according to a preliminary estimate issued by the New York Federal Reserve Bank. The bank explained that the rise, in part, was due to the fact that the week had six days this year as against five a year ago, when the earlier Thanksgiving was in effect.

In the previous week this year ended Nov. 14, sales of New York City department stores were unchanged as compared with the corresponding 1941 week.

Seasonal expansion in demand lifted power production during the week ended Nov. 14, to 3,775,878,000 kilowatt hours, a new peak and a gain of 12.8% over the comparable 1941 period, according to the Edison Electric Institute.

The total also represented a gain over the Nov. 7 figure which, at 3,761,961,000 kilowatt hours, was 11.7% ahead of the corresponding week last year.

The New England and Mid-Atlantic areas showed a quickening in their percentage increase over last year as did other sections with the exception of the Pacific Coast area.

Loading of revenue freight for the week ended Nov. 14 totaled 826,601 cars, according to reports filed with the Association of American Railroads. This was a decrease of 2,889 cars from the preceding week this year, 57,289 cars fewer than the corresponding week in 1941 and 81,306 cars above the like period two years ago.

This total was 120.18% of average loadings for the corresponding week of the 10 preceding years.

Construction contracts totaling \$6,892,161,000 in the 17 Eastern States in the first 10 months of 1942 exceeded the annual volume of any previous year, F. W. Dodge Corp. reports.

The previous yearly record was established in 1928 with \$6,628,285,000 building and engineering contracts awarded. This year's 10-month aggregate was 35% greater than for the like 1941 period.

This year's record volume mostly was for construction of war facilities.

Steel production in the United States is scheduled this week at

sie Associated Press advices, which further said:

This paper, the Poughkeepsie "New Yorker," will retain the title of the present afternoon publication. It combines the 157-year-old Poughkeepsie "Eagle-News," morning publication and a charter member of the Associated Press, with the "New Yorker" and the Hudson Valley "Sunday Courier." The "New Yorker" was founded in 1882, the Sunday paper in 1872.

98.3% of capacity against 98.7% last week, a decline of 0.4%.

This week's rate represents production of 1,681,600 net tons of ingots against 1,688,400 tons last week and 1,584,400 tons in the like 1941 week.

Although the tonnage of scrap has tended to shrink from earlier figures advanced by several communities, the amount is ample for current needs and sufficient reserves are being accumulated by some melters to see them through the remainder of the year.

"The next squeeze," authorities state, "is expected to come in the first quarter unless results of industrial drives continue the flow of dormant material. Apparently the wide-spread effect to get out household accumulations has created a scrap consciousness that is still paying dividends."

The translation of dollars into munitions and other materials of war is currently running at new high levels. Outgo, based on Treasury figures, is at the rate of around \$260,000,000 each business day. If this ratio continues, November's war costs will reach \$6,500,000,000, the largest amount ever spent by any nation in any month.

Such a sum is more than four times the \$1,582,000,000 spent in November a year ago, the month just before the Japanese attack on Pearl Harbor, and is more than 17 times the \$391,000,000 which the United States spent for defense in November, 1940. Moreover, it shows a sharp increase over expenditures of \$5,700,000,000 in October, 1942.

It is pointed out that United States has come a long way since July, 1940, when, following the collapse of France, the nation first began seriously to face the task of building up its defenses. In the whole month of July in that year, defense expenditures amounted to but \$186,000,000. Now, just 29 months later, we are spending one and one-half times that sum for war in an average day.

Our armament production in 1940 was infinitesimal as compared with that of either Great Britain or Germany. Today the United States is turning out a far greater volume of war materials than Great Britain and Germany combined.

It is pointed out that war production in this country is not yet at its peak, whereas the probability is that that of Germany has reached and passed its high point.

Donald M. Nelson, War Production Board Chief, is authority for the statement that next year production of military goods alone in the United States will surpass the nation's entire output for all purposes in the biggest peace time boom year, 1929.

Food, Arms to No. Africa

President Roosevelt on Nov. 13 directed the Lend-Lease Administration to supply weapons of war, food and clothing to the armed forces and citizens of French North African areas and promised the same aid to any other territory occupied by the United Nations. In his statement the President said:

"No one will go hungry or without the other means of livelihood in any territory occupied by the United Nations, if it is humanly within our powers to make the necessary supplies available to them.

"Weapons also will be supplied to the people of these territories to hasten the defeat of the Axis."

THE FINANCIAL SITUATION

(Continued from first page)

diately be adopted by all of the peoples of the earth, and must undertake to inculcate in all parts of the world our own policies of social and political reform whether the other people involved so desire or not."

Lacking In Realism

But despite more or less isolated flashes of common-sense from important figures here and abroad, the general course of post-war planning in the international scene appears to proceed much as before—and often as far removed from healthy and wholesome realism. Even Sir Stafford and Mr. Welles in the very same addresses to which reference has just been made, give the appearance at many points of being almost hopeless idealists. Sir Stafford insists that post-war arrangements will succeed or fail depending upon whether the search for solutions of our problems are guided by some "higher inspiration" or by "mere selfish gain." Mr. Welles at points glides off into rarified atmosphere talking vaguely about the "four freedoms" and the like. But it is not what Sir Stafford or Mr. Welles, or any of the others, said upon this particular occasion which causes uneasiness, so much as it is that long line of discussions for many months past and engaged in by many public officials in the New Deal family and by many of the professional planners who without question have the ear of the President.

Persuading Others

Perhaps the most disturbing element in this situation is not so much the grandiose plans for a world-wide New Deal which are being formulated by day-dreamers in Washington, a New Deal, apparently, to be financed in very heavy part by the people of the United States, as it is the means which seem to have been chosen for "persuading" other countries and other peoples to proceed as we should like to have them. Many of these schemes (which appear to have at least semi-official character) are so fantastic that one could bring himself almost to the point of feeling certain that those for whom they are planned would, under ordinary circumstances, have none of them. It would appear, however, that the master craftsmen in Washington who are engaged in planning the new world to come after the war have no intention of permitting ordinary circumstances to exist when such proposals are made. Mr. Welles' suggestion of settling a good many of these questions now can scarcely be so guileless as not to have sprung at least in part from a desire to bring such negotiations to a head while our various allies are at the maximum of their dependence upon us for their salvation. The fact that Wilson waited until after the Armistice had been signed to demand adherence to his scheme of world arrangements is often spoken of as "Wilson's mistake," which will not be repeated.

No one, of course, needs to be told that this war has been fought almost as much with intrigue as with tanks and planes. Through our own lend-lease arrangements, the Board of Economic Warfare, and other agencies, we have long been engaged in world-wide efforts to gain friends and alienate friends from our enemies. Activities of this general type have recently come to a climax, and apparently a successful climax, in North Africa. They will doubtless continue throughout the period of the war, and so far as they bear favorably upon the outcome of this struggle—as for the most part doubtless they have—no one is likely to find serious fault with them. They are costing us huge sums and they are obliging us to engage in tactics from which we as a people naturally shrink, but this is war, and fire must be fought with fire.

Post-War Intrigue?

The trouble, or one of them, is that there is altogether too much reason to believe that the powers that be in governmental circles have every intention of continuing this type of activity in part at least in behalf of their schemes for remaking the world after the war is over. The President and other high officials have not hesitated to speak of the part Lend-Lease is designed to play in this program, and the Board of Economic Warfare has been charged with duties of a similar sort. We are doing many things in many parts of the world in the normal course of conducting this global struggle which will leave us in a strategic position, economically, socially and politically speaking, in many lands. We are not only constructing many facilities at many points throughout the globe which will have economic peace value, but our technicians are encouraging, and developing many kinds of skills among many peoples. Among many peoples, assuming a decisive Allied victory within a reasonable period of time, we can scarcely fail to be viewed as miracle-workers and as a sort of Santa Claus.

We Must Not!

In South America, of course, there are and there will remain suspicions that we entertain imperialistic designs—or they will remain unless we take particular pains to eradicate them, and they will not be readily eradicated if we reveal picaresque traits or if we insist upon meddling unduly with the affairs of these peoples. It is said that we are suspect in India and possibly in other parts of Asia. But Greeks bearing gifts sometimes gain their way despite native suspicion, at least for a time, and there is probably no one better acquainted with that fact than the New Deal managers in Washington. What a tragedy it would be if we were to insist upon making use of all these opportunities to "persuade" various peoples to do our bidding in international affairs—no less a tragedy because we have no designs which characterized the 19th century imperialism! A tragedy because it would cost us untold millions of dollars and, in the end, the good-will of untold millions of people—and in the long run we should fail to achieve the ends, whether good or bad, we seek.

The time has come for the American people to give these questions some prayerful and realistic thought. We must get our feet on the ground before it is too late.

A Safe Haven For Investment Funds

Individual investors, trustees and other* fiduciaries interested in becoming acquainted with the Federally insured investment opportunities offered by savings and loan associations should write for current explanatory literature to the associations mentioned below. When doing so please mention the "Chronicle."

- **American Savings & Loan Association**
17 East First South Street, Salt Lake City, Utah
- **Berkeley Guarantee Building & Loan Association**
2101 Shattuck Avenue, Berkeley, Calif.
- **Chicago Federal Savings and Loan Association**
211 South La Salle Street, Chicago, Ill.
- **Danielson Federal Savings and Loan Association**
84 Main Street, Danielson, Conn.—Write for free booklet and information.
- **First Federal Savings and Loan Association**
9501 Santa Monica Blvd., Beverly Hills, Calif.
- **First Federal Savings and Loan Association**
39 Broad Street, Charleston, S. C.
- **First Federal Savings & Loan Association**
124 Market St., Durham, N. C.
- **First Federal Savings and Loan Association**
6763 Hollywood Blvd., Hollywood, Calif.
- **First Federal Savings and Loan Association of St. Paul**
350 Cedar Street, St. Paul, Minn.
- **Fletcher Avenue Savings and Loan Association**
150 East Market Street, Indianapolis, Ind.
- **Franklin Federal Savings and Loan Association**
616 East Franklin Street, Richmond, Va.
- **Hinsdale Federal Savings and Loan Association**
8 East Hinsdale Avenue, Hinsdale, Ill.
- **Mutual Building and Loan Association of Pasadena**
38 South Los Robles Avenue, Pasadena, Calif.—Write for free booklet, "Profits and Prophecy."
- **Northwestern Federal Savings and Loan Association of Minneapolis**
823 Marquette Avenue, Minneapolis, Minn.
- **Oak Park Federal Savings and Loan Association**
104 North Marion Street, Oak Park, Ill.—Write for free booklet.
- **Perpetual Building Association**
500 11th Street, N. W., Washington, D. C.
- **Piedmont Federal Savings and Loan Association**
16 West Third Street, Winston-Salem, N. C.
- **Prospect Federal Savings and Loan Association of Chicago**
1707 West 47th Street, Chicago, Ill.
- **Reliance Federal Savings and Loan Association**
1904 West Cermak Road, Chicago, Ill.
- **Quaker City Federal Savings and Loan Association**
1427 Walnut Street, Philadelphia, Pa. — Write for free informative booklet.
- **St. Paul Federal Savings and Loan Association of Chicago**
2116 West Cermak Road, Chicago, Ill.
- **San Francisco Federal Savings and Loan Association**
705 Market Street, San Francisco, Calif.
- **Second Federal Savings and Loan Association of Chicago**
3960 West 26th Street, Chicago, Ill.
- **Standard Federal Savings and Loan Association**
735 South Olive Street, Los Angeles, Calif.
- **Twin City Federal Savings and Loan Association**
801 Marquette Ave., Minneapolis, Minn.
- **Union Federal Savings & Loan Association**
Market and Delaware Streets, Indianapolis, Ind.
- **Washington Permanent Building Association**
629 F Street, N. W., Washington, D. C.
- **Wilshire Federal Savings and Loan Association**
461 South Western Avenue, Los Angeles, Calif.

*Guardians, insurance companies, State, school and municipal sinking funds, firemen's, police and other pension funds, etc.

Oct. Life Insurance Sales Decline

The sale of ordinary life insurance in the United States in October amounted to \$467,814,000, a decline of about 29% from the volume sold in the corresponding period of 1941, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first ten months of 1942, aggregating \$5,362,536,000, is about 8% below the amount sold in the same period of 1941.

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

	OCTOBER 1942		YEAR TO DATE	
	Sales	Ratios	Sales	Ratios
	'42-'41	'42-'41	'42-'41	'42-'41
	Volume	All Cos.	Volume	All Cos.
	in \$1,000	in \$1,000	in \$1,000	in \$1,000
U. S. total	\$467,814	71%	\$5,362,536	92%
New Eng'd	37,408	73	429,836	92
M. Atlantic	118,351	65	1,409,768	89
E. N. Cent.	106,057	70	1,214,469	91
W. N. Cent.	47,518	79	526,316	96
S. Atlantic	47,720	73	522,380	89
E. S. Cent.	18,867	77	217,209	92
W. S. Cent.	32,234	72	388,052	91
Mountain	13,059	77	138,783	91
Pacific	46,600	75	515,723	99

Send Christmas Mail Early To Service Men

The Post Office Department now is starting the most gigantic task in its history—the movement of a deluge of Christmas parcels, cards and letters while maintaining the regular flow of millions of pieces of mail daily to and from our armed forces all over the world, according to an announcement by Albert Goldman, Postmaster at New York, made available Nov. 9, which further said:

"Indications are that the volume of Christmas mail will be the largest on record. Already in September, latest month for which figures are available, retail sales had reached a level second only to the record month of December, 1941, according to the Department of Commerce. And sales are rising. Such heavy purchases always presage heavy mailings.

"If thousands of our soldiers, sailors, marines and civilian friends are not to be disappointed at Christmas time, the public must cooperate by mailing earlier than ever before and by addressing letters and parcels properly. The best efforts of the Post Office Department alone cannot be enough, in view of wartime difficulties faced by the postal system. The public must assist.

"About 25,000 experienced postal workers already have been taken by the war services. Arrangements are under way to add thousands of temporary personnel to postal staffs, but this man power is hard to find and is inexperienced. Facilities of railroads and air lines are heavily taxed by movements of huge quantities of war materials and personnel. Extra trucks are almost impossible to obtain. Winter weather, hampering transportation, is beginning.

"The free-mailing privilege granted to members of the armed forces has raised their mailings some 30%, it is estimated. Expansion of those forces also is adding rapidly to the postal burden.

"The deadline already is past for mailing gifts to Army and Navy personnel overseas with assurance that the parcels will have arrived by Christmas. The New York post office reports that in late October, 350,000 such parcels were handled daily in that office alone.

"The Post Office Department is making strenuous efforts to avoid such a terrific jam as it faced in 1918 under similar conditions, during the First World War. It can succeed in those efforts—and avoid many heartaches for its patrons—if the public will cooperate by mailing early."

Magill Warns Higher Income Taxes May Discourage American Incentive

Income taxes and excess profits taxes, if pushed much higher, may discourage the incentive to produce that has always characterized American individuals and corporations, Roswell Magill, a trustee of the Mutual Life Insurance Co. of New York, and former Under-Secretary of the United States Treasury, warned on Nov. 17 in an address delivered before the Boston Chapter of the American Society of Chartered Life Underwriters.

"For the protection of its own sources of revenue," Mr. Magill said, "particularly in time of war, the Government must see to it that our economy is encouraged to expand, rather than freeze up or shrink because of excessive tax rates." Mr. Magill added:

"Income and excess profits taxes have been pushed almost as far as they can safely be used. Some further increases may be possible, but additional tax revenues should be obtained for the most part from other sources.

"Perhaps a billion more of revenue could still be wrung out of income taxpayers in the lower and middle income brackets, mainly through an increase in the normal tax, but the Government must watch carefully the cost of the increase to the nation in lower living standards, less education and smaller individual savings for emergencies."

Mr. Magill explained that he was not advocating a reduction in total tax revenue. Quite the contrary, he said, he favored the raising of more revenue to pay a greater part of the war costs than is now being paid. But such additional revenue, he stated, should be raised by heavier application of other forms of taxation, rather than by further increases in income taxes and excess profits taxes. He went on to say:

"The best additional levy would be a general retail sales tax. Such a tax would offer many advantages. One is that it would produce needed revenue currently, not a year later. Another is that it is payable in instalments small enough to make it tolerable. Furthermore, it would help directly to curb inflation. And because most of our revenue is already raised through progressive rates of taxation based on ability to pay, a sales tax, in the light of our tax system as a whole, would not be unfair.

"The hardships and economic dangers of present income tax rates have been recognized in the credits granted under the 1942 Revenue Act for life insurance premiums, debt retirement and certain other obligations. Additional credits of the same sort for savings may have to be allowed, particularly if tax rates go higher, in order to avoid destruction of the great middle class. For instance, it is difficult, under present estate tax rates, to preserve a business or property of any size. I therefore think it would be desirable to exempt from estate taxes any life insurance or war bonds specifically set aside for payment of estate taxes. This would protect businesses from forced liquidation and would also assure the Treasury of its estate tax revenues. Under such a plan, the Treasury could, if it wished, issue a special type of obligation acceptable in payment of estate taxes."

The outlook, Mr. Magill said, is for heavy taxation for many years to come. He predicted that post-war Federal budgets would approximate \$20,000,000,000 annually, but told his listeners that the country can pay the necessary taxes and still prosper, provided the tax administration is intelligent and fair. He likewise said:

"As anyone who has tried to read the last revenue act will testify, the greatest need is for simplification of the revenue structure. Tax experts should be made to spend the next couple of years codifying and simplifying the law so as to make intelligible to the ordinary taxpayer those

parts of the act with which he has to deal.

"Greater economy of administration is another great need. The machinery of administration is now cumbersome and should be overhauled. Although the costs of enforcement have been kept down, the cost to the taxpayer of compliance with the revenue laws is becoming increasingly serious and burdensome."

Total Axis Defeat Seen By President

President Roosevelt declared on Nov. 11 that "the forces of liberation are advancing" and the Nazis and their "appropriate associates, the Japanese" face "inevitable, final defeat." The President made these remarks at ceremonies in Arlington National Cemetery in connection with the 24th annual observance of Armistice Day, which marked the close of the first World War.

In welcoming "the fighting men of our traditional ally, France," Mr. Roosevelt said "it is heartening for us to know that soldiers of France go forward with the United Nations."

At the President's side during the address and the placing of the wreath on the Tomb of the Unknown Soldier was Gen. John J. Pershing, 82-year-old Commander-in-Chief of American forces in France during the last war.

Others attending the ceremony included Secretary of the Navy Knox, Gen. George C. Marshall, Chief of Staff of the Army; Admiral Ernest J. King, Commander-in-Chief of the United States Fleet, and Lieut.-Gen. Thomas Holcomb, Commandant of the Marine Corps.

The text of the President's address follows:

"Here in Arlington we are in the presence of the honored dead. We are accountable to them—and to the generations yet unborn for whom they gave their lives.

"Today, as on all Armistice days since 1918, our thoughts go back to the first World War, and we remember with gratitude the bravery of the men who fought and helped to win that fight against German militarism.

"But this year our thoughts are also very much of the living present, and of the future which we begin to see opening before us—a picture illumined by a new light of hope.

"Today, Americans and their British brothers-in-arms are again fighting on French soil. They are again fighting against a German militarism which transcends a hundred fold the brutality and barbarism of 1918.

"The Nazis of today—and their appropriate associates, the Japanese—have attempted to drive history into reverse, to use all the mechanics of modern civilization to drive humanity back to conditions of prehistoric savagery.

"They sought to conquer the world, and for a time they seemed to be successful in realizing their boundless ambition. They overran great territories. They enslaved—they killed.

"But, today, we know and they know that they have conquered nothing. Today, they face inevitable, final defeat.

"The forces of liberation are advancing. Britain, Russia, China and the United States roll rapidly to full strength. The opponents of decency and justice have passed their peak. And—as the result of

recent events—the United Nations' forces are being joined by large numbers of the fighting men of our traditional ally, France. On this day, of all days, it is heartening for us to know that soldiers of France go forward with the United Nations.

"The American Unknown Soldier who lies here did not give his life on the fields of France merely to defend his American home for the moment that was passing. He gave it that his family, his neighbor, and all his fellow-Americans might live in peace in the days to come. His hope was not fulfilled.

"American soldiers are giving their lives today in all the continents and on all the seas in order that the dream of the Unknown Soldier may at last come true. All the heroism and all the unconquerable devotion that free men and women are showing in this war shall make certain the survival and the advancement of civilization. That is why on this day of remembrance we do not cease from our work, and that in going about our tasks in behalf of our fighting men everywhere our thoughts turn in gratitude to those who have saved our nation in days gone by.

"We stand in the presence of the honored dead.

"We stand accountable to them, and to the generations yet unborn for whom they gave their lives.

"God, the Father of all living, watches over these hallowed graves and blesses the souls of those who rest here. May He keep us strong in the courage that will win this war, and may He impart to us the wisdom and the vision that we shall need for true victory in the peace which is to come."

Felicitates Russia—Praises Resistance

President Roosevelt, in a congratulatory message to Soviet President Mikhail Kalinin on the 25th anniversary of the founding of the Soviet Republic, on Nov. 6 praised the "incomparable heroism" of the Russian Army and people in their continuing struggle against Nazi conquest and assured him that "the steadily growing power of the United States has been and will continue to be dedicated to complete victory."

Secretary of State Hull expressed similar sentiments in a congratulatory message to Soviet Foreign Commissar V. M. Molotov.

"The United States," Secretary Hull said, "is resolutely gathering its might and is increasingly bringing it to bear against our common enemy."

Mr. Roosevelt's message to President Kalinin follows:

"On the occasion of this 25th anniversary of the establishment of the Soviet State, I convey to Your Excellency the congratulations of the Government and people of the United States.

"For the second time in a generation our two countries are in the forefront of a gathering of nations aligned against a common enemy. Collaboration in the mighty military task before us must be the prelude to collaboration in the mightier task of creating a world at peace.

"The resistance of free peoples has made possible the mounting power of the United Nations. The Russian Army and the Russian people in their continuing struggle against Nazi conquest today bear the brunt of the massed weight of the Nazi might and their incomparable heroism stands as a symbol of determination and unrelenting effort.

"Let Your Excellency be reassured that the steadily growing power of the United States has been, and will continue to be, dedicated to complete victory."

Earnings, Employment At New Peaks In Sept. In Mfg. Industries Conference Board Reports

New peaks in earnings, employment, man hours and payrolls in 25 manufacturing industries were reached in September, according to the National Industrial Conference Board. The Board's announcement follows:

"The average number of hours worked per week in September, although substantially lower than in pre-depression years, was higher than in any other month since June, 1930.

"Hourly earnings which rose 1.8% to \$.957 in September, were 13.3% above those of September, 1941, 26.1% above January, 1941, and 62.2% above 1929 earnings.

"Weekly earnings averaged \$41.78 in September. They exceeded the August level by 2.2%, the September, 1941, level by 19.0%, January, 1941, by 36.5%, and average weekly earnings for the year 1929 by 46.3%.

"Hours per week rose on an average of 0.5% in September. They were 4.3% higher than in September of last year and 10.1% below the average for 1929.

"Real weekly earnings, which are dollar weekly earnings in terms of the commodities and services they will purchase, advanced 1.7% in September. They had risen 9.6% in the year period, were 19.1% above the January, 1941, average, and 48.5% above the 1929 level.

"Employment gains in September amounted to 1.2%. The September level was 11.4% higher than in the previous September, and 38.2% higher than in 1929.

"Man hours, in rising 1.7% in September, surpassed the September, 1941, level by 16.1% and the 1929 average by 24.1%.

"Payrolls stood at 219.2 (1923=100) in September. As compared with the previous month, they have risen 3.5%. Although they have advanced 32.6% since September, 1941, they have increased 102.2% since 1929." The Board also states that in regard to the work week the average work week in September amounted on an average to only 43.4 hours in the 25 industries, but in nine defense industries this average was exceeded. The Board likewise says:

"The average work week in the aircraft and shipbuilding industries was 46.9 and 47.8, respectively. In the machine and machine tool industry and the heavy equipment branches of foundries more than 48 hours were worked. On the other hand, in non-defense industries such as news and magazine printing, hosiery and knit goods, silk and rayon and boot and shoe manufacturing, a work week of fewer than 40 hours tended to pull down the average. Iron and steel workers averaged only 39.8 hours per shift per week in September, but in most instances three shifts were used and the mills were operated at capacity production. In 11 industries, more than 40 hours but less than 43 hours were worked. Nine of them were engaged largely in the manufacture of civilian goods while the remaining two, rubber and chemicals were engaged to a greater extent in defense production."

From Washington

(Continued from first page)
A few Washington newspapermen perked up at that and asked: "What do you mean, Bill?"

"Well," he said, and you can imagine how painful it was for him, "it is quite apparent that the Americans are getting ready once again to refuse their great responsibility in the world."

I was quite disappointed at the way my colleagues answered. Sir Wilmott had stated the proposition quite gravely, and in perfect English. I was quite embarrassed when my colleagues laughed heartily and said: "Bill, you've got something there."

That's no way to dismiss such world wide questions, of course—not with a snicker. So I said:

"Bill, or Sir Wilmott, I am inclined to agree with you that the trend seems to be that once again we are deciding not to accept our great responsibility in world affairs.

"But," says I, and I wish I could quote somebody else because, to my mind, it was really smart, "I'd like to ask you about what you mean 'our accepting our responsibility in world affairs.' Do you mean, for example, that we should set up in India, in Egypt, in Malaya, a joint administration whereby we would jointly govern with the British, have an equal number of troops and an equal investment opportunity?"

"We can't get down to details," said Sir Wilmott.

Well, we don't know how this thing is going to work out. We think that the little episode hereby related is a commentary on it. Certainly there is nothing more futile than arguing about how the peace is to develop. One thing is unmistakable. Henry Wallace and F. D. R. and that crowd have one of the most grandiose schemes that was ever perpetrated upon humanity. It would be tremendous if it worked, but the American political tide is against it. But the American political tide is not yet up to the point of checking this scheme. The fact that they may check it is what Sir Wilmott is worried about.

Hull Thanks American Republics For Support

Secretary of State Cordell Hull expressed on Nov. 14 his own "deep gratitude and that of the United States Government" for the messages of support from other American countries in connection with the North African campaign.

The text of his statement follows:

"I have been greatly moved by the great numbers of messages of support received by the United States Government this week from our good neighbors in the other Americas in regard to the United Nations offensive in Africa.

"Telegrams of appreciation and pledges of cooperation have come from high officials and persons in all walks of life. It has been possible to acknowledge only a small portion of these messages individually. Therefore, I want to take this opportunity to express my own deep gratitude and that of the United States Government for this impressive demonstration of support and encouragement from the friends who are united with us in the determination to preserve our American liberty."

The following special message was sent by Secretary Hull to Enrique Ruiz Guinazu, Argentine Minister for Foreign Affairs, according to the Associated Press:

"I wish to express my thanks for Your Excellency's message with reference to the actions of American armed forces in North Africa. This Government is happy to receive from you an expression of interest on behalf of the people and Government of Argentina in the efforts of the United States to safeguard the security of the Western Hemisphere. With assurances of my high personal regard,

"CORDELL HULL,
Secretary of State of the United States of America.

Building Up Of Corporate Reserves In War Essential To Peace Time Readjustments

Pointing out that "it is of the utmost importance for our national welfare that corporations should be allowed to accumulate sufficient savings during the war period to enable them to reconvert for peacetime production after the war, so as to be able promptly to provide regular jobs for workers," Brig. Gen. Leonard Ayres, Vice-President of the Cleveland Trust Co., in the company's "Business Bulletin" Nov. 16 notes that "business conditions after the war are going to be greatly affected by the volume of the savings that corporations are able to make while the war continues." Gen. Ayres further says:

"During the first World War, and for 10 out of the 11 years following it, American corporate enterprise, taken as a whole, accumulated about \$30,000,000,000 of undistributed earnings, and then drew upon its reserves for more than that huge amount during the Great Depression. At the present time this country's corporate enterprise has only small amounts of accumulated savings, and so the post-war outlook for business will largely depend on savings that can be made during this period.

"It is estimated that American business saved about \$2,600,000,000 after taxes and dividends last year, and that the corresponding amount will be smaller this year. All will agree that corporation taxes should be heavy during this war, and we all know that they must be large for a long time after the war."

Supreme Court Rule On Saboteurs Civil Trial

The U. S. Supreme Court recently handed down its formal opinion in denying petitions for writs of habeas corpus filed last summer by a group of Nazi saboteurs, who contended they were entitled to trial in a civil court, and upholding President Roosevelt's right to order military trials for enemy invaders, even if they are American citizens.

The Court announced its judgment July 31, after an extraordinary three-day session in the midst of its summer recess, as was noted in our issue of Aug. 13, page 544.

The 23-page opinion, written by Chief Justice Harlan F. Stone, was made public on Oct. 29 by Charles Elmore Cropley, Clerk of the Court.

Six of the seven Nazis who applied for the petitions were subsequently electrocuted. However, the Military Commission tried eight Nazi saboteurs with two receiving long prison terms.

With respect to the Court's opinion, the Associated Press in Washington accounts Oct. 29, reported:

"Chief Justice Stone said it was without significance that the spies were not alleged to have borne conventional weapons or that their proposed hostile acts did not necessarily contemplate collision with the armed forces of the United States."

"Modern warfare," he added "is directed at the destruction of enemy war supplies and the impediments of their production and transportation quite as much as at the armed forces."

"We have no occasion now," the Chief Justice said, "to define with meticulous care the ultimate boundaries of the jurisdiction of military tribunals to try persons according to the law of war."

"It is enough that petitioners here, upon the conceded facts, were plainly within those boundaries, and were held in good faith for trial by a military commission, charged with being enemies who, with the purpose of destroying war materials and utilities, entered or after entry remained in our territory without uniform—An offense against the law of war."

"We hold only that those particular acts constitute an offense

of goods and the tastes of the public into the proper channels as dictated by the ever-changing necessities of war. The gigantic expenses of war cannot be paid by taxes unless the public continues to buy such goods as are available. It is in this field that advertising has been and will continue to be of incalculable value.

"The Advertising Council, the Advertising Federation of America, the American Association of Advertising Agencies, The American Newspaper Publishers Association, the Association of National Advertisers, the Direct Mail Advertising Association, the Outdoor Advertising Association, and other organizations of advertising men and women throughout the country have been zealous in their willingness and desire to assist our war effort in every way possible."

As to advertising being strengthened by attacks, Mr. Murphy stated:

"Advertising has not only survived the multifarious attacks of the last few years but has been fortified in the process of meeting these attacks. They put advertising on its mettle; they forced us to sell our own product to the public, with the result that there are many teachers, professors, bureau heads, consumer groups, legislators and public executives today who have a better understanding of advertising and its vital role in our national economy."

"Our work is not ended; there will be new opponents arising both in the field of politics or among pseudo-economists, but advertising has learned how to meet them. Our watchfulness must not cease, as the protection and perpetuation of advertising is as essential as the promotion of American business itself."

Mr. Murphy had the following to say regarding the place of advertising in the post-war period:

"Advertising will have to perform all of its useful functions with great effectiveness in the post-war years to come, for as one of the chief tools of distribution it will have the responsibility of helping to see our country through the pains of readjustment from war-time to peace-time economy. Then, after doing its part of the difficult job during readjustment, advertising will face its golden opportunity when it will help sell to America all of the products of replacement in the wide field of consumer products; when it will be called upon to promote inventions and improvements held back by the war, new products and new designs in automobiles and accessories, fashions, radios, sporting goods, foodstuffs, and in many other fields.

"Men and women in advertising must be ready for those days, for the rewards will be rich for those with imagination, ingenuity, technical training, and the desire to do a good job."

Hails Solomons Battle As A Major Victory

President Roosevelt told his press conference on Nov. 17 that the Solomon Islands naval battle was a major victory over a superior Japanese force.

The victory was also hailed by Secretary of State Hull as a magnificent success and by Secretary of the Navy Knox as a "major" but not a "decisive" triumph. Secretary Knox, warning that there probably will be another Japanese thrust, said that the victory left American forces in complete possession of the area and undisputed possession of Guadalcanal airfield.

The losses to the Japanese fleet as a result of this battle are listed as one battleship, five cruisers and 17 other ships, as against American losses of two cruisers and six destroyers.

Treasury Initiates Payroll Savings Campaign, Urges Employers As War Bond Issuing Agencies

The Treasury Department, in cooperation with leaders of management, and labor, initiated on Nov. 16 an important six weeks' payroll savings campaign. The object of the campaign is to increase the number of wage earners regularly buying War Savings Bonds through payroll savings plans from the present total of approximately 21,000,000 to 30,000,000, and at the same time to raise the percentage of total earnings pledged for this purpose from 8% to 10%. Rose Barrett, Jr., Assistant Director of the Radio and Press Sections of the War Savings Staff, in indicating this, said:

"Our slogan will be 'Top That 10% By New Year's.'"

"Needless to say, the continued success of the War Savings Program depends very largely upon the payroll savings plan. That has proved the only satisfactory means of insuring the systematic purchase of war bonds by millions of workers.

"The issuance and sale of large numbers of small denomination bonds, however, entails an enormous amount of work. In recent months this has been facilitated by the fact that a large number of business and industrial companies have qualified as issuing agents for series E bonds. The payroll savings drive will create an even greater need for issuing agents, particularly among employers operating payroll savings plans in their establishments."

The payroll savings drive, it is pointed out, will create an even greater need for employer issuing agents for series E bonds, particularly among employers operating payroll savings plans in their establishments. Since the issuance and sale of large numbers of small denomination bonds entails an enormous amount of work, the Treasury urges organizations operating payroll allotment plans for employee purchases of war bonds to apply to the Federal Reserve banks for designation as issuing agents for series E bonds, in order not to overtax the facilities of banks and other agents and to speed up the delivery of bonds.

Nearly 7,000 business and industrial companies have already become issuing agents for series E bonds. In addition, there are 15,000 banks, more than 3,000 building and loan associations, and nearly 3,000 credit unions, making the total number of non-government issuing agents for series E bonds nearly 29,000.

As to the qualifications for employers applying to become issuing agents, the Treasury explains:

"An organization which would, in all probability, issue E bonds to its employees in a number sufficient to warrant its becoming an agent can obtain an application-agreement form for the purpose from the Federal Reserve bank of its district. The form, which is brief and simple, must be signed by the president or vice-president of the firm.

"It is not required that business and industrial organizations deposit collateral to qualify as issuing agents for series E bonds. A very simple arrangement has been established whereby employer firms operating payroll savings plans pay in advance for all bonds which they require for issuance to their employees. This procedure permits prompt receipt of funds by the Treasury and works no hardship on the firm since the payments are not made from the working capital of the firm, but from amounts accumulated through payroll deductions and held in trust for employee bond purchases.

"Wherever it is practicable firms which are issuing agents deliver bonds directly into the hands of employees who have purchased them. In some cases, however, particularly in industrial plants and shops, working conditions make this manner of delivery impracticable, and bonds are sent to their owners by registered mail. Such mailing costs are refunded to agents through

against the law of war which the Constitution authorizes to be tried by a military commission."

The opinion also said: "The spy who secretly and without uniform passes the military lines of a belligerent in time of war, seeking to gather military information and communicate it to the enemy, or an enemy combatant who without uniform comes secretly through the lines for the purpose of waging war by destruction of life or property, are familiar examples of belligerents who are generally deemed not to be entitled to the status of prisoners of war, but to be offenders against the law of war subject to trial and punishment by military tribunals."

Although the opinion was unanimous in its conclusion, the Chief Justice explained that "a majority of the full court are not agreed on the appropriate grounds for decision."

There was a difference, he explained, over the question of applicability of articles of war prescribed by Congress to a Presidential military commission. There may have been a 4-to-4 split on this question, since Justice Murphy did not take part in the decision. He was serving in the Army as a Lieutenant-Colonel when the case was argued last summer.

The opinion commented that "we are not here concerned with any questions of the guilt or innocence of petitioners." This referred to a contention by their attorneys that they had no intention of obeying sabotage orders alleged to have been given them by the German high command.

Advertising Vital In War & Post-War Era

According to Charles E. Murphy, Legal Counsel of the Advertising Federation of America and former President of the Advertising Club of New York, the entire advertising fraternity will be grateful this Thanksgiving Day because of three outstanding facts:

"(1) Advertising is making a valuable contribution to our national war effort and to our wartime economy.

"(2) Advertising has not only survived several years of many-sided attacks but has become stronger and more virile and better understood as the result of its fair, courageous and intelligent counter-offensive.

"(3) Advertising faces in the post-war years to come an era of growing responsibility and expanding opportunity. The post-war years may well be known as the golden age of advertising."

Mr. Murphy made these observations in a talk before the Annual Alumni Meeting of the Advertising and Selling Course of the Advertising Club of New York on Nov. 10.

With respect to advertising's contribution to the country's war effort and wartime economy, Mr. Murphy said:

"Not only has advertising promoted enlistments in our armed ranks, civilian volunteer services, nutrition, salvage, and other vital causes, but it has impressed on consumers the necessity for prudent buying and has kept alive a desire for such advancement and improvement as will not interfere with our war effort. Advertising's greatest single contribution to our war-time economy, in my opinion, has been its ability to direct the consumption

Federal Reserve banks, and as soon as arrangements can be made it is planned to simplify the mailing procedure."

American Invasion Will Speed Russia Aid

Vice President Henry A. Wallace declared on Nov. 8 that "conquest of the Mediterranean will open the 'side-door' to Germany and give us the shortest possible supply route to southern Russia."

Mr. Wallace made this comment in an address before a mass meeting in Madison Square Garden, New York City, in connection with the Congress of American-Soviet Friendship, dedicated to the development of closer understanding between the two countries.

Departing from his prepared speech to hail the American landings in North Africa, the Vice President asserted that "we have now reached the time when victory can be taken from us only by misunderstanding and quarreling among ourselves."

Mr. Wallace revealed that President Roosevelt "has told the Army and Navy and all the other war agencies in terms which cannot possibly be misunderstood that help to Russia comes first—up to the limit of shipping possibilities." He added that the American people were solidly behind the President "in his decision to give Russia priority number one."

Mr. Wallace declared that a new kind of democracy—the democracy of the common man—in which the people of the United States and Russia are so deeply interested, "will be neither communism of the old-fashioned internationalist type nor democracy of the old-fashioned isolationist sort." He further stated that the new democracy must give "a guarantee of peace" contending that "willingness to support a world organization to maintain world peace by justice implemented by force is fundamental to the democracy of the common man in these days of airplanes."

Mr. Wallace continued:

"The first article in the international law of the future is undoubtedly the United Nations' Charter. The United Nations' Charter includes the Atlantic Charter, and there is little reason why it should longer be called the 'Atlantic Charter' in view of the fact that the broader instrument has been validated by 30 nations.

"This United Nations' Charter has in it an international bill of rights and certain economic guarantees of international peace. These must and will be made more specific. There must be an international bank and an international TVA, include say an international Dnieperstroy dam for that matter, based on projects which are self-liquidating at low rates of interest."

As "a starter" for a post-war public works program, the Vice President suggested "a combined highway and airway from Southern South America across the United States, Canada, and Alaska, into Siberia and on to Europe with feeder highways and airways from China, India and the Middle East."

Supreme Court Upholds Penalty Levied Against Wheat Marketed In Excess of Quota

The United States Supreme Court upheld as constitutional on Nov. 9 the penalty of 49 cents per bushel imposed under the Agricultural Administration program for marketing 1941 wheat in excess of quotas fixed by Congress. On March 14 of this year a special three-judge Federal Court at Dayton, Ohio, held the penalty invalid, and reference thereto appeared in our March 26 issue, page 1259. The Supreme Court's conclusions of Nov. 9 were handed down in response to the suit which had been filed in the Ohio action, brought by Roscoe G. Filburn, on behalf of a group of Montgomery County (Ohio) farmers. In another decision on Nov. 16, the Supreme Court again upheld the validity of the Agriculture Department's excess wheat program, affirming a Federal District Court decision that the collection of penalties under the Agricultural Adjustment Act could not be enjoined. As to the Supreme Court's conclusion in that case United Press advised in the "Wall Street Journal" of Nov. 17 stated:

"The lower court, sitting in Clay County, Kan., refused the injunction because Secretary of Agriculture Claude R. Wickard was not properly served with a summons. But the Supreme Court affirmed the decree on the authority of a decision it handed down last week which upheld validity of the program.

"Last week's decision sustained the constitutional authority of Congress to extend the quota system to wheat consumed on the farm, and held valid an increase in the penalty on excess wheat from 15 to 49 cents."

Regarding the Supreme Court decision of Nov. 9 the Associated Press said:

Justice Jackson delivered the opinion on a challenge of the 1941 legislation by a group of Montgomery County (Ohio) farmers. The litigation was considered of far-reaching importance by the Roosevelt Administration.

The legislation, passed by Congress May 26, 1941, increased the penalty on the excess over AAA quotas from 15 cents to 49 cents per bushel and prevented the sale or use on the farm of any wheat produced until the penalty had been paid.

This legislation was an amendment of the 1938 Agricultural Adjustment Act which authorized the Secretary of Agriculture to fix quotas restricting the marketing of basic farm products.

"Then penalty provided by the amendment," Justice Jackson said, "can be postponed or avoided only by storing the farm marketing excess according to regulations promulgated by the Secretary or by delivering it to him without compensation; and the penalty is incurred and becomes due on threshing.

"Thus the penalty was contingent upon an act which appellee (the wheat farmer) committed not before but after the enactment of the statute, and had he chosen to cut his excess and cure it or feed it as hay, or to reap and feed it with the head and straw together, no penalty would have been demanded. Such manner of consumption is not uncommon.

"Only when he threshed and thereby made it a part of the bulk of wheat overhanging the market did he become subject to penalty."

It was contended by the wheat farmers that the amendment, by attempting to regulate the amount of wheat grown by a farmer for his own use as food, feed or seed, was unconstitutional because this wheat had no direct effect on interstate commerce.

Solicitor-General Charles Fahy asserted, however, that the total supply of wheat was the amount "available for all uses and the amount consumed on the farm is not economically separable." He said this method of enforcement was adopted to facilitate adminis-

tration of the wheat program.

Roscoe C. Filburn, in whose name the suit was brought, contended also that it was unconstitutional to increase the penalty for overproduction when the crop was almost ready for harvesting and only five days before a referendum was held at which wheat farmers approved the quotas.

He also accused Secretary of Agriculture Wickard of having "encouraged farmers to exceed their acreage quotas," because of the war, before Congress voted the increased penalties.

Mr. Filburn contended that under the legislation in effect when he planted his crop in the fall of 1940 he could market the wheat produced by paying the penalty of 15 cents per bushel on the excess.

Secretary Wickard appealed to the Supreme Court from a ruling by a three-judge Federal Court at Dayton, Ohio, holding invalid the increased penalty and enjoining collection of more than 15 cents per bushel penalty.

President Regrets Break With Vichy Govt.

In a formal statement issued Nov. 9, President Roosevelt expressed "regret" that Pierre Laval, Chief of the Vichy Government, had decided to sever diplomatic relations with the United States as a result of the American Army movements in French North Africa. The President declared that M. Laval "is evidently still speaking the language prescribed by Hitler, but added that "nevertheless, no act of Hitler, or of any of his puppets, can sever relations between the American people and the people of France." "We have not broken relations with the French," said Mr. Roosevelt. "We never will."

Secretary of State Cordell Hull earlier the same day (Nov. 9) gave formal confirmation of the break in relations with the Vichy Government. Gaston Henri-Haye, the Vichy Ambassador at Washington, received his passport from George T. Summerlin, the State Department Chief of Protocol, at Mr. Hull's direction.

The restrictions of the trading with the Enemy Act of 1917 were extended to cover all of France within Continental Europe. Since the fall of France in the summer of 1940 only German-occupied France was considered "enemy territory." The text of President Roosevelt's statement follows:

"The representative of this Government at Vichy has reported that last evening M. Laval, chief of the Government at Vichy notified him that diplomatic relations between Vichy and this Government had been severed. I regret this action on the part of M. Laval.

"He is evidently still speaking the language prescribed by Hitler.

"The Government of the United States can do nothing about this severance of relations on the part of the Vichy Government.

"Nevertheless, no act of Hitler, or of any of his puppets, can sever relations between the American people and the people of France. We have not broken relations with the French. We never will.

"This Government will continue as heretofore to devote its thought, its sympathy and its aid to the rescue of the 45,000,000 people of France from enslavement and from a permanent loss of their liberties and free institutions."

China Will Need Large Credits After War

T. V. Soong, Chinese Foreign Minister, said recently that China will need from \$5,000,000,000 to \$10,000,000,000 in foreign credits for post-war reconstruction and was confident that "friendly powers" will advance this amount, according to United Press advices from Chungking.

Dr. Soong, who was special envoy to Washington and served as China's representative on the Pacific War Council, assumed his duties as Foreign Minister on Oct. 30.

At his first press conference since arriving from Washington, Dr. Soong said on Nov. 3 that he had left the United States with "a full and complete assurance of victory in the not-distant future."

Reporting his remarks, Associated Press Chungking advices stated:

He said he had come back to China with the impression that "the greatest difficulties are over—the worst has passed. I left with a feeling of restrained optimism."

Explaining his feeling in part, he said he was struck by the tremendous energies of the United States.

"America is building a great army, a tough army, an unbeatable army," he declared. "America is not fighting to the last Briton or the last Russian. She's in the war and means to spare nothing."

Announcing that he would go to England in the near future and would pay a visit to Russia as soon as he had the opportunity, Soong emphasized that China had no territorial ambitions but wanted to recover her own territory "such as Manchuria and Formosa."

The question of increased aid to China's armies, he continued, was "mainly a question of transport routes—a question of logistics. There is no question of America's desire to give every aid to China."

At the start of the present war, he added, he was "impressed by President Roosevelt, who mobilized manpower and resources of the United States in a democratic way. He had the strength of a giant, but didn't use it like a giant."

Canada, he said, was "conducting a wonderful war effort, which in proportion to her population surpasses that of any other country."

US To Buy Ford Tire Plant For Russia

Announcement was made on Oct. 30 by William M. Jeffers, Rubber Administrator, and by the Ford Motor Co. of the sale of the company's tire manufacturing plant at Detroit to the United States Government for shipment to Russia, in fulfillment of a commitment made in July, 1941.

The arrangement for the plant's purchase followed brief negotiations between Mr. Jeffers and Edsel Ford, President of the Ford Motor Co., and it is understood that as soon as terms of the agreement are settled machinery will be dismantled and readied for shipment to Russia.

Mr. Jeffers, according to Washington United Press advices Oct. 30, praised the Ford company for its prompt action in offering its tire plant for sale in response to his request.

"Both Edsel Ford and other officials of his company and O. Kelley Anderson of my organization deserve hearty congratulations for the celerity with which this transaction was carried out," he said. "As a result we will be able to fulfill our commitment to Russia now instead of months from now."

Mr. Jeffers said that the equipment will produce annually 1,000,000 or more tires of Russian dimensions.

Byrnes Declares Chief Problem Is Organizing Civilian Economy; Predicts More Rationing

James F. Byrnes, Economic Stabilization Director, declared on Nov. 16 that the country's first and chief problem "is to organize our civilian economy to win the war." In an address delivered at the New York Herald Tribune Forum, Mr. Byrnes termed the second problem to be the organizing of the civilian economy "so that the burdens and restrictions of war are equitably and democratically shared," adding that this can only be done if all of us, industrialist, farmer and worker alike, cooperate.

Warning that the road ahead "is hard and may be long," the Stabilization Director said "there is no question that to meet the requirements of the war plans of our military leaders we must draw in our belts just as far as we can draw them in without reducing the overall efficiency of our war effort."

Mr. Byrnes explained that wartime restrictions are intended to help the average man, woman and child "to obtain more rather than less than he would otherwise obtain, and to help him buy what he needs at a lower price than he would otherwise have to pay." He continued:

"In war time, price controls, wage controls and rationing controls are not ingenious devices to punish people and to make the grim business of war grimmer than it need be. They are measures designed to help our war effort and to reduce the hardships of war, particularly on the family in modest circumstances. By and large, the average citizen, be he a farmer, a wage earner, a business or professional man, has less to fear from price, wage and rationing controls than he has from their absence."

Pointing out "it is clear, that we must ration many more commodities," Mr. Byrnes said "it will also be necessary to siphon off the excess purchasing power," advocating doing this by taxation and compulsory savings. As to the latter proposal, Mr. Byrnes said:

"After the war these savings would be returned to the people over a period of years. They would then have the money to spend to create markets for peace products. Such a savings fund would provide employment. It might save us from a business depression. If, however, depression came, the savings would enable many to escape want and suffering. It would make unnecessary frantic efforts to provide relief programs. Above all else, it would help us to win the war more quickly."

As to the advantages to the war effort of limiting profits on salaried incomes in the higher brackets, Mr. Byrnes declared:

"Some honestly believe that such limitations are in the nature of social reforms imposed under the guise of war needs. I disagree. Peace is peace, and war is war, and the conditions which make for the success or failure of business are not necessarily the same in war time as in peace time. Individual enterprise can help and is helping to win the war, but the war has made and destroyed businesses without a nice regard in all cases to the enterprise of their owners. Enterprising men capable of earning the highest salaries have been drafted into the war, while fate, not judgment, has decreed that others remain at their civilian posts. When men of enterprise are fighting on the desert sands, men of enterprise at home should not object to sharing the burdens of war."

"The so-called \$25,000 salary limitation actually affects only those having a salary in excess of \$67,200. The tax on that salary will reduce the net income to \$25,000. That salary limitation in 1942 would affect only 3,000 persons. From the fury of the protests one would think it affected three million persons."

Mr. Byrnes said that some of those who oppose the ceiling "assert that they object only because

they fear the limit will continue after the war. I, too, would object to its continuance."

Mr. Byrnes pointed out that the law upon which the ceiling order is based will expire June 30, 1944. It can be continued only by affirmative action of the Congress; he said, adding that "if a man fears the Congress, he fears the people."

In defending the salary ceiling, Mr. Byrnes also stated:

"Many of the 3,000 persons affected by this limitation receive salaries from corporations having war contracts or corporations whose profits come from the inflated war incomes of the people. Such excessive salaries are responsible for the demands of many for increased wages and increased prices for commodities, which demands make it difficult to prevent inflation."

Cancels Draft Deferments For Federal Employees

President Roosevelt, in a memorandum to all Federal departments and agencies, on Nov. 17, instructed them to cancel any deferments from military service which may have been granted to their employees and requested them not to seek any future deferments except for highly scientific or technical employees.

The President's statement follows:

"I am most anxious to make sure that no man should be deferred from military service by reason of his employment in any Federal department or agency, either in Washington or in any other place.

"If any deferment has been given to any one within your respective jurisdictions would you please arrange for cancellation thereof as soon as possible and notify the Selective Service Board having jurisdiction? No further requests for deferment by reason of such employment should be made either by the agency or by the employee.

"I am sure that in the overwhelming number of cases this action will be welcomed by the young men themselves who are involved.

"I know that in certain technical or highly scientific or specialized branches of the service there are a few employees who, by reason of unique experience, are really irreplaceable by women or older men. If there are any which in your opinion fall within this category will you please write me the full details of them so that their cases may be passed on individually?"

Urges Early Xmas Mailing

Postmaster Albert Goldman of New York announces that during the holiday time the volume of mail increases approximately 200%. Postoffices, he said, will make every effort to handle these Christmas mails without delay, but this will be possible only with the cooperation of the public. Therefore, to assure delivery of Christmas presents, cards, and letters by Christmas Day, the Postoffice Department advises the public to shop and mail earlier this year. Gifts should be mailed at least 20 or 25 days before Christmas according to the distance to be transported. Parcels may be marked "Do not open until Christmas," this being permitted in order to encourage early mailing.

WPB Controlled Material Plan Designed To Aid Small Business In Overcoming Supply Problems

Analyzing current attempts to aid small business, Henry H. Heimann notes that the new Controlled Materials Plan of the WPB for supply of materials is the first of three fundamental approaches designed in behalf of small business during the difficult war production period. Mr. Heimann, Executive Manager of the National Association of Credit Men, discusses in the Association's November "Business Review" the many severe problems because of the effects of the war facing small business; he notes that "the CMP is the latest in a series of official efforts aimed at coordinating raw materials with production needs," and says "it is hoped that it will aid both sub-contractors and prime contractors." Mr. Heimann points out that:

"Disequilibrium in the supply of vital materials had developed under the priorities system and it is this problem that CMP has been designed to correct. It will, however, take several months to determine whether or not this plan's hoped-for advantages can be realized.

"Some small manufacturers and material suppliers have already indicated the possibility that the new 'vertical' method of allocating materials will leave them more vulnerable, as sub-contractors, than did the earlier priorities and the subsequent Production Requirements Plan, which operated on a so-called 'horizontal' basis."

Mr. Heimann cites as the second development "the announcement of plans to curb the downward trend in sub-contracting in connection with war production and at the same time to provide a greater amount of work for the smaller industries." As to this he says:

"In this connection the Smaller War Plant Corporation, together with the WPB, the Army, and the Navy, has developed steps designed to halt machine tool and equipment deliveries to prime contractors wherever smaller plants can, on a sub-contracting basis, employ comparable facilities which they already have. The Smaller War Plants Corporation, by means of advance information from the procurement agencies, will attempt to meet production needs with possible facilities already in existence in smaller plants.

"The announcement of this development also pointed out that the SWPC will endeavor to maintain a list of small plants which can be adapted for production of certain types of needed war goods and will aid the procurement agencies in placing prime or sub-contracts by certifying the capacity and the credit of the smaller plants as well as providing engineering and other technical advice to the smaller sub-contracting units."

With respect to the third development, viz, small business legislative plans, Mr. Heimann has the following to say:

"The third development of basic interest to American small business men concerns the various proposals now before Congress to aid small business by means of specific legislation. These have been so numerous and so varied that any attempt to analyze each legislative proposal would serve little more than to add to the present confusion.

"From our contacts with small business men, however, it appears clear that the vast majority, while desiring assistance, do not think of this in terms of a cash subsidy. Rather, they wish a fair opportunity to compete in both the production and distribution of civilian and war goods.

"One of the more recent legislative proposals is that introduced in the House in behalf of Congressman Lea, Chairman of the Interstate and Foreign Commerce Committee. It would set up regional representatives whose work would be along lines of aiding small business men in connection with their problems and in procurement of government contracts.

"While the basic policy of the bill appears sound, much of such a measure's worth would depend upon the type of representatives placed in the field. Only individuals with practical experience in small business problems could have a fair chance of aiding small business men to meet the present challenge; the alternative would mean, more or less, an added expense to the government for which the small business man, through higher taxes, would have to pay his share."

In his continuing comments, Mr. Heimann says:

"In general, there are a few major items upon which all small business men appear to be in agreement. First, relief from the numerous reports which are particularly burdensome to the small business man's limited staff.

"Second, an attitude of greater confidence on the part of the official procurement agencies in the small business man's ability to supply materials or to manufacture needed items. Willing to compete with his bigger brothers, the smaller business man would like to avoid the recurring necessity of proving capability merely because his firm is in the smaller category.

"Small business men generally realize that in many instances the procurement agencies of the government must get volume deliveries on schedule. They realize also that the maintenance of many small business units in these war times will be an important contribution to the post-war maintenance of the type of government we are defending on the field of battle.

"They feel, therefore, that the easiest way may not be the soundest way. In expressing it in this fashion, they do not suggest that deliveries of war needs be curtailed whatsoever. Their facilities, in fact, are offered to increase such deliveries."

Internal Rev. Bureau Explains Deductible Advertising Expenses

The Bureau of Internal Revenue, in a formal statement on deduction of advertising expenses for tax purposes, said recently that it recognizes advertising as "a necessary and legitimate business expense so long as it is not carried to an unreasonable extent or does not become an attempt to avoid proper tax payments."

While saying that no definite rule for determining what was reasonable could be laid down in advance to fit all situations, the Bureau explained that, therefore, it would consider applications for individual rulings. It indicated a desire to limit these as much as possible, however, and said individual rulings should not be necessary except under most unusual circumstances if the general rules were followed.

The statement follows: "Advice is requested as to the extent expenditures for advertising will be deductible from gross income for Federal tax purposes.

"To be deductible, advertising expenditures must be ordinary and necessary and bear a reasonable relation to the business activities in which the enterprise is engaged. The Bureau recognizes that advertising is a necessary and legitimate business expense so long as it is not carried to an unreasonable extent or does not be-

come an attempt to avoid proper tax payments.

"The Bureau realizes that it may be necessary for taxpayers now engaged in war production to maintain, through advertising, their trade names and the knowledge of the quality of their products and good will built up over past years, so that when they return to peace-time production their names and the quality of their products will be known to the public.

"In determining whether such expenditures are allowable, cognizance will be taken of (1) the size of the business, (2) the amount of prior advertising budgets, (3) the public patronage reasonable to be expected in the future, (4) the increased cost of the elements entering into the total of advertising expenditures, (5) the introduction of new products and added lines, and (6) buying habits necessitated by war restrictions, by priorities and by the unavailability of many of the raw materials formerly fabricated into the advertised products.

"Reasonable expenses incurred by companies in advertising and advertising technique to speed the war effort among their own employees, and to cut down accidents and unnecessary absences and inefficiency, will be allowed as reductions. Also, reasonable expenditures for advertisements, including the promotion of government objectives in wartime, such as conservation, salvage, or the sale of war bonds, which are signed by the advertiser, will be deductible provided they are reasonable and are not made in an attempt to avoid proper taxation.

"No definite rule for determining what is reasonable in the case of expenditures for advertising can be laid down in advance so as to fit all situations and all classes of taxpayers. In determining whether the amounts are reasonable, it is necessary to take into consideration all the facts and circumstances in each particular case.

"The Bureau will consider applications for individual rulings. It is, however, busy with an unusual volume of work, and it is believed that if taxpayers will keep in mind the foregoing general rules, individual rulings will not be necessary except under most unusual circumstances."

Previous reference to the Bureau's policy, as explained by Commissioner Guy T. Helvering, appeared in our issue of Oct. 1, page 1171.

Market Transactions In Govts. For Oct.

Market transaction in Government securities for Treasury investment and other accounts resulted in net sales of \$1,000,800 in October, Secretary Morgenthau announced on Nov. 16. This compares with net sales of \$4,500,000 in September.

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

1940—		
November	-----	\$284,000 sold
December	-----	1,139,000 sold
1941—		
January	-----	\$2,785,000 purchased
February	-----	11,950,000 purchased
March	-----	No sales or purchases
April	-----	\$743,350 sold
May	-----	200,000 sold
June	-----	447,000 purchased
July	-----	No sales or purchases
August	-----	No sales or purchases
September	-----	\$2,500 sold
October	-----	200,000 sold
November	-----	No sales or purchases
December	-----	\$60,004,000 purchased
1942—		
January	-----	\$520,700 sold
February	-----	29,980,000 purchased
March	-----	5,814,450 purchased
April	-----	300,000 purchased
May	-----	16,625 purchased
June	-----	250,000 sold
July	-----	2,295,000 sold
August	-----	8,446,000 sold
September	-----	4,500,000 sold
October	-----	1,000,800 sold

Appeals For Unity Of Action By United Nations Calling This One War Demanding One Strategy

A plea for unity of purpose and action among the United Nations in their conduct of the war and a tribute to the gallantry of our allies were delivered on Nov. 10 by Lewis W. Douglas, Deputy Administrator of the War Shipping Administration and President of the Mutual Life Insurance Co. of New York, at a meeting of the American Academy of Political Science at the Hotel Astor, New York City. "This is one war," said Mr. Douglas, "demanding one strategy. It does not permit of solitary ventures that sap our combined and united strength, impair our capacity to strike, and postpone the day when peace shall come once more." Mr. Douglas added:

"This is one war. The combined expedition into Africa commits us beyond recall to the proposition that to fight it as several wars, to be indifferent to the power of the combined resources of our partners and ourselves, would needlessly sacrifice countless numbers of brave young lives. This war demands one strategy, one combined strength, one united effort, by all the United Nations."

Mr. Douglas also said that to forget the valor and accomplishments of our allies is to do "what Hitler and his minions of deception would have us do." Saying that we owe an inestimable debt to our gallant partners, Mr. Douglas said, "Longer than any of us, the Chinese, driven inland from their shores, have been miraculously carrying on with little more than their bare hands the struggle against the armies of Japan. Their determination to fight and their courage in continuing to fight have given us in the more western parts of the world a certain freedom of action that we would not otherwise possess." Mr. Douglas likewise said:

"We are rightly humble before the unflinching heroism of those people who, under many flags in Europe, are secretly and unafraid carrying on their dangerous work of organizing against the day when hope of liberation from an unconscionable tyranny will be translated into reality.

"We can never reckon the full contribution of those gallant fighting Russians, who believed that death itself was better than surrender. It was their unflinching determination to maintain intact an organized military force, and their grim and desperate stubbornness against overwhelming odds that diverted German armies from the West to the East, and thus snatched for us that precious period of time in which to muster the combined allied resources of production and men, and so deliver telling blows against the enemy before it was too late. Were it not for the unflinching faith that stood off all the hordes of Hitler across the vast expanse of Russia, we would not now be landing on the shores of Africa and penning up the Axis powers in Europe.

"Of the British Commonwealth and England our prodded memories must lead us to say, 'They gave us and Russia a chance to fight.'"

Youth Must Replenish Intellectual Vigor Of Stricken Nations, Declares Roosevelt

President Roosevelt declared on Nov. 12 that the practical task for the young people of all countries is that they "must replenish the intellectual vigor of stricken lands" and "must help create that better world toward which we strive."

The Office of War Information released a letter from the President to Mrs. Eliot D. Pratt, General Secretary of the International Student Service, in which he approved the selection by this group of Nov. 17 as the day to honor the Czechoslovak students and teachers tortured and killed three years ago.

The President's letter as given in Washington advices to the New York "Times" follows:

"The International Student Assembly has chosen this day to honor the students and professors tortured and killed in Czechoslovakia three years ago.

"On that day, Nov. 17, 1939, there was committed the first of a series of organized massacres designed with calculated savagery to stamp out all present or future leaders of a great and democratic republic.

"In their cold fury the despoilers of Czechoslovakia forgot that the streets of Prague and the halls of the proud university for centuries have echoed the voices of men willing to die rather than believe and teach according to patterns their conscience could not accept.

"We know that the earth thrown over the bodies of the martyred students and teachers did not stifle the will of liberty, and that the noise of machine guns did not drown the voices which still demand the right of a people to determine how it shall think and live.

"These are principles which will continue to inspire the youth of every land. They have been the dreams and projects of students through the ages, but in the victory now to be won and the peace to be secured there is a practical task for the young people of all countries.

"In their cooperation they have a special mission. They must know that there are in the world

great regions where a whole generation of young men and women have been destroyed by the ravages of war or debased by a crooked and ungodly tyranny.

"From the vast reserves of a courageous and enthusiastic youth they must replenish the intellectual vigor of stricken lands, and with the clear eye and the firm hand of youth they must help create that better world toward which we strive."

Congratulates Eisenhower

President Roosevelt on Nov. 14 sent a message of congratulations to Lieut.-Gen. Dwight D. Eisenhower, Allied Commander-in-Chief of the North African expeditionary forces, for "the highly successful accomplishment of a most difficult task."

The message said: "Eisenhower:

"Both personally and on behalf of the American people, I send sincere congratulations to you and every member of your command on the highly successful accomplishment of a most difficult task.

"Our occupation of North Africa has caused a wave of reassurance throughout the nation, not only because of the skill and dash with which the first phase of an extremely difficult task has been executed, but even more because of the evident perfection of the cooperation between the British and American forces. Give my personal thanks to Admiral Cunningham and the other British leaders for their vital and skillful assistance, without which the operation could not have been undertaken.

"FRANKLIN D. ROOSEVELT."

President Declares Philippine Government A Pattern For Future Of Other Small Nations

President Roosevelt declared on Nov. 15, in a radio address commemorating the seventh anniversary of the Commonwealth of the Philippines, that the history of the islands "provides in a very real sense a pattern for the future of other small nations and peoples of the world." Such a pattern, the President said, involves "a period of preparation" and "a period of training for ultimate independent sovereignty" and "is essentially a part and parcel of the philosophy and the ideals of the United Nations." President Roosevelt alluded to the fact that he and President Quezon have "agreed to set up a joint commission of our two countries to study the economic situations which will face the nation which is soon to be, and to work out means of preserving its stability and above all, its security." This, he characterized as a "realistic symbol of our grim determination and of our supreme confidence that we shall drive the Japanese Army out of the Philippines—to the last man."

Mr. Roosevelt was one of three Presidents taking part in the radio program which was carried to the nation by the four major networks and to the world by short-wave. The others were President Manuel L. Quezon of the Philippines and President Manuel Avila Camacho of Mexico.

As part of the celebration, President Quezon presented to President Roosevelt for the United States Coast Guard the patrol vessel Bataan "as a token of undying Filipino determination to fight under your command until the war is won." The vessel, formerly the yacht owned by J. M. Elizalde, Resident Commissioner of the Philippines, will be manned by Filipino officers and sailors who are now regular members of the Coast Guard Reserve.

In accepting the Bataan, Mr. Roosevelt said he did so, "not only as a token, but as a valuable aid in our common effort."

The text of President Roosevelt's address follows:

"Though the alien flag of a treacherous aggressor flies temporarily over the Commonwealth of the Philippines, it is with supreme confidence in ultimate victory that the United Nations commemorate this birthday of its youngest member.

"It was just seven years ago that this commonwealth was established. By that time the United States had maintained sovereignty of the Philippine Islands for almost 40 years. But as I said in 1935 when the present commonwealth was inaugurated: 'The acceptance of sovereignty was but an obligation to serve the people of the Philippines until the day when they might themselves be independent and take their own place among the nations of the world.'

"Let me go back to the days when Admiral Dewey won the Battle of Manila Bay, and American sovereignty was established over the islands. To a very large part of the American people it seemed incongruous and unwise that the United States should continue a colonial status over many millions of human beings who had already shown a desire for independence.

"However, the United States and the leaders of the Filipino people soon undertook a long-time process of providing facilities in the islands for education, health, commerce and transportation, with the definite thought that the day would come when the people would be able to stand on their own feet. At the same time, we granted them a greater and greater degree of local self-government.

"By the year 1934 sympathetic conferences between Philippine and American leaders reached the conclusion that the time for complete independence could be definitely set—to follow a ten-year period of complete local autonomy under a commonwealth form of government with its own constitution.

"This status was duly set up in 1935 under the Presidency of my old friend, Manuel Quezon. It succeeded so well that by Dec. 7, 1941, we were jointly at work preparing for the consummation of complete independence in 1946. Both nations and peoples had kept faith with each other during all these years. Confidence in each other's good faith was firmly established—and it was cemented into place during the bitter months of ordeal which followed the treachery of Japan.

"The brave peoples of the Philippines—their army and their civilians—stood shoulder to shoulder with the Americans in the fight against overwhelming odds—resolute to shed their blood in defense of their liberty. Richly do they deserve that liberty!

"I like to think that the history of the Philippine Islands in the last 44 years provides in a very real sense a pattern for the future of other small nations and peoples of the world. It is a pattern of what men of good will look forward to in the future—a pattern of global civilization which recognizes no limitations of religion or of creed or of race.

"But we must remember that such a pattern is based on two important factors. The first is that there be a period of preparation, through the dissemination of education and the recognition and fulfillment of physical and social and economic needs. The second is that there be a period of training for ultimate independent sovereignty, through the practice of more and more self-government, beginning with local government and passing on through the various steps to complete statehood.

"Even we in the United States did not arrive at full national independence until we had gone through the preliminary stages. The town meetings in the New England colonies, and the similar local organizations in other colonies, gradually led to county government and then to state government. That whole process of political training and development preceded the final formation of the permanent Federal government in 1789.

"Such training for independence is essential to the stability of independence in almost every part of the world. Some peoples need more intensive training and longer years; others require far less training and a shorter period of time.

"The recent history of the Philippines has been one of national cooperation and adjustment and development. We are sure now, if ever we doubted, that our government chose the right course.

"The pattern which was followed there is essentially a part and parcel of the philosophy and the ideals of the United Nations. The doctrine which controls the ambitions and directs the ruthlessness of our enemies—that there is one master folk destined to rule all other people—is a doctrine now on its way to destruction for all time to come.

"The United States and the Philippines are already engaged in examining the practical economic problems of the future—when President Quezon and his government are re-established in the capital of Manila. He and I, in conference last week, agreed to set up a joint commission of our two countries, to study the economic situation which will face the nation which is soon to be, and to work out means of preserving its stability and security.

"This typifies the highest form of good faith, which now exists

between our two governments.

"It is more than that. It is a realistic symbol of our grim determination and of our supreme confidence that we shall drive the Japanese Army out of the Philippines—to the last man.

"President Quezon—on this auspicious anniversary—I salute, through you, the people of the Philippine Islands. I salute their courage. I salute their independence."

Forecasts Money And Credit Rationing

(Continued from first page)

should likewise be devoted to war. The diversion of goods and services from private to public use has its counterpart in the need to divert a comparable portion of purchasing power from private to public use. The material and financial sides are complementary parts of the same problem."

Discussing the financing of the war through taxation, Comptroller Delano said:

"By and large we who fight the war must likewise pay for the war. No financial sleight-of-hand can alter this basic fact. We can not wave a wand and transfer goods and services from the future to the present; and no transfer to the future of debts incurred in the present can reduce an iota the sacrifices in goods and services we must make today.

"The recognition of this fundamental economic truth requires that we raise as large a proportion of the costs of the war as we can from taxes. Taxes may not cut with the precision of a surgeon's knife; nevertheless they are the best instrument we have for distributing the costs of war consciously, deliberately, equitably.

"Since the beginning of the war, we have increased tremendously the burden of taxes. Taxes were increased twice in 1940, again in late 1941, and again in 1942. Our total tax revenue will aggregate about \$21,000,000,000 this fiscal year. Although this is nearly four times our revenue in fiscal year 1940, it is only about one-fourth of our expenditures in this fiscal year. While tax revenue contributed 66% of total Federal income in fiscal 1940, it will contribute only 25% in 1942. Generally speaking, we must pay for the war in the present; it follows, therefore, that we can pay for the war in the present. The ideal method would be to pay for it as fast as we spend for it—entirely through taxes.

"From the practical point of view we know, however, that it would involve unbearable hardships to finance the war entirely from taxes. It would require that taxes from 1941 to 1943 be increased tenfold. This would dislocate many sections of the economy, affect adversely both the incentives and motivations of individuals and firms, drain industry of vital depreciation reserves, and impose great hardships on people who would bear sacrifice willingly, even gladly, could they trade their tax receipt for a savings bond. As a practical matter, therefore, we must borrow as well as tax.

"It is imperative, however, that we borrow as much as possible from the people, not from the banks; from the current income stream, not from accumulated savings and credit-creating sources.

"The sale of War Savings Bonds, I am happy to report, has increased substantially in recent months. While approximately \$6,000,000,000 of the E, F, and G issues were sold in fiscal 1942, we have every reason to believe that the quota of \$12,000,000,000 for the current fiscal year will not only be reached but exceeded. Especially gratifying has been the increase in sales of the E bonds, the so-called 'people's bond,' and the growing number of participating

firms and individuals in payroll savings plans."

Referring to the "necessity of raising funds through commercial banks," Mr. Delano said, "we are confronted by several problems. The deepest and most fundamental is, of course," he indicated, "that of inflation." "Such borrowing," he said, "is not necessarily inflationary in character." In his further remarks, Mr. Delano took occasion to refer to criticism by some bank examiners as to bond portfolios which include maturities longer than five years and we quote as follows what he had to say with regard thereto:

"Genuine savings that flow into the commercial banks will provide an offset to credit-creation for government account; and the expansion in deposit-liabilities for government account will no doubt be partially offset by a corresponding contraction induced by debt repayment. By and large, however, a great deal of the borrowing will be avowedly inflationary in character—a net addition to the total of purchasing power already in existence.

"For the purpose of this discussion, it must suffice to say that the government will apply the administrative techniques of price control and rationing to counteract this potential inflationary effect of the increased borrowings. How to apply such controls and the extent of them are questions of the utmost gravity and importance. We can not hope to discuss them here.

"But there are two strictly banking questions arising out of this same problem of government borrowings from the banks which fall within your supervisory province and mine, and concerning which we must have opinions and policies. I refer to the questions of the character of the credit which should be extended by the banks to the government, and also that old bogey of capital ratio, bound to be distorted now that we are of necessity greatly increasing deposit liabilities without a commensurate building up of capital accounts.

"In relation to the first question, that of the character of the credit to be extended by the banks to the government, a report has recently reached the Treasury to the effect that some bank examiners are criticizing bond portfolios which include maturities longer than five years. This criticism is reported to extend even to government securities. So far as the Comptroller's office and its examining staff are concerned, no such opinions are held. We believe strongly in the validity of all government paper, and while the Treasury, as you know, has of late been limiting its offerings of securities eligible for commercial bank investment to a 10-year maturity, national bank examiners are not critical of any government securities in banks' portfolios, whatever their maturity. I feel certain you gentlemen agree with us.

"It seems superfluous once again to discuss the question of capital ratios in the light of the present emergency, but at the risk of boring you I am going to reiterate what has been constantly said by my office, that it is the nature and quality of assets rather than any fixed ratio which determines the adequacy and protection afforded by the capital structure. Capital ratios themselves are of secondary importance, and the determination of the soundness of bank operation rests upon factors more fundamental and important.

"This does not mean the Comptroller of the Currency will ever look with complacency upon banks whose capital protection is out of line because assets are frozen or are of questionable value. But it does mean that ratios themselves are not a conclusive criterion and that no bank should be deterred from playing its part in our financial organization for war simply because it

Urges Leasing Homes For War Workers

Besides private home owners, financial institutions in Illinois and Wisconsin have an outstanding opportunity to help the Government provide the desperately needed housing for workers in war industries, A. R. Gardner, President of the Federal Home Loan Bank of Chicago, declared on his recent return from Washington, where he was called to meet with national housing and home-financing authorities. "The unused space in America's homes and other buildings constitutes a 'strategic reserve' which must be thrown into the struggle now to create additional living units in most of the large industrial centers of the country," said Mr. Gardner. "Unless these dwellings are provided rapidly our vital war production will suffer. The Government has offered to take over such properties for the duration of the war at an attractive rental and remodel them to create more living quarters for war workers and their families. Savings and loan associations, banks, insurance companies, and other financial institutions—which own houses—are likewise invited to turn such properties over to the Government for the emergency. Since their holdings of real estate throughout the country amount to nearly \$1,400,000,000 in valuation, these institutions are counted on to fill a large portion of the gap. In the face of the shortage of critical materials, time and construction labor, the gravity of this problem cannot be exaggerated."

In Washington for the semi-annual conference of presidents of the 12 Federal Home Loan Banks, Mr. Gardner met with John B. Blandford, Jr., Administrator of the National Housing Agency; John H. Fahey, Commissioner of the Federal Home Loan Bank Administration, and other officials.

The new War Housing Program of voluntarily leasing homes to Uncle Sam was explained by Frank Bane, Assistant Administrator of the NHA in charge of Homes Use Service, the unit set up to lease and convert the properties.

Waibel To Aid Chicago Victory Fund Group

As part of the plans for implementing the campaign to help the United States Treasury sell the largest volume of securities ever offered by any government, C. S. Young, President of the Federal Reserve Bank of Chicago, on Nov. 16 appointed J. K. Waibel, Director of Education for the Seventh (Chicago) District Victory Fund Committee. Mr. Waibel, who is advertising counsel for the Continental Illinois National Bank & Trust Co. of Chicago, has been granted a leave of absence in order to devote his full time to the present drive. He will have offices in the Victory Fund Committee headquarters at the Federal Reserve Bank; he will be associated with Francis F. Patton and Nathan D. McClure, managers of the Committee. In his announcement, Mr. Young said:

"The American people are going to be called upon to absorb a tremendous volume of Treasury securities in order to finance the war, and it is the particular job of the Victory Fund Committees to work with the United States Treasury in securing as much as possible of the money out of current income of individuals and corporations in order to minimize the inflationary aspects of huge Treasury spending."

happens to have a ratio greater than one to 10."

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)

Table of Moody's Bond Prices showing columns for 1942-Daily Averages, U.S. Govt. Bonds, Ave. Corporate Rate, Corporate by Ratings (Aaa, Aa, A, Baa), Corporate by Groups (R.R., P.U., Indus.), and various dates from Nov. 24 to Nov. 23, 1940.

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

Table of Moody's Bond Yield Averages showing columns for 1942-Daily Averages, U.S. Govt. Bonds, Ave. Corporate Rate, Corporate by Ratings (Aaa, Aa, A, Baa), Corporate by Groups (R.R., P.U., Indus.), and various dates from Nov. 24 to Nov. 23, 1940.

*These prices are computed from average yields on the basis of one "typical" bond (3% 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.

Electric Output For Week Ended Nov. 21, 1942 Shows 16.9% 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 Nov. 21, 1942, was 3,795,361,000 kwh., which compares with 3,247,938,000 kwh. in the corresponding week last year, an increase of 16.9%.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Table showing percentage increase over previous year for major geographical divisions (New England, Middle Atlantic, Central Industrial, West Central, Southern States, Rocky Mountain, Pacific Coast) and Total United States, comparing Nov. 21, Nov. 14, Nov. 7, and Oct. 31.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Table showing data for recent weeks (Week Ended Aug 1 to Nov 28) with columns for 1942, 1941, and percentage change over 1941, 1940, 1932, and 1929.

Steel Operations Off Slightly—Production Schedules Of War Materials Being Readjusted

"Volume changes in weapons being produced for the American armed forces and their allies were reported this week all along the home production front," according to "The Iron Age" in its issue of today (Nov. 26), which further adds in part: "Airplanes and ships are now at the top of industry's 'must list' and will get the green light in every case where there is a conflict for materials and equipment between those items and other weapons now likely to play a less important role in American war strategy."

"That more ships, planes and bombs are going to be made in 1943 than had been originally planned was disclosed early this week. The shift in production emphasis, marked by decreases in programs for manufacturing tanks, small arms ammunition, and other ordnance items, may become more marked as soon as the showdown fight over control of production is settled."

"The merchant shipping program for 1943 is being revised upward from 16,000,000 deadweight tons to 18,000,000 or 20,000,000 tons."

"For the war plane industry, the WPB has opened the way for manufacturers to obtain any and all machine tool equipment needed to speed plane production. This was done through amendments to the priority order E-1-b. Already the amendments have caused some cancellations of machine tool orders by manufacturers other than aircraft materials. But the airplane speedup, in which the 1943 goal will be double that of 1942, evidently does not include airborne freight carriers. Cancellation by the Government of Nash-Kelvinator's contract to build flying boats on the Gulf Coast was spectacular evidence of changes in war strategy, suggesting a growing belief that waterborne vessels (enough of them) can do the job in this war."

"Coming close upon the heels of successes in Africa and the Pacific, readjustment of production schedules of war material is particularly noticeable in the Chicago area. There several plants recently completed have received stop orders and individual contracts for a number of items such as shells, shell parts and tank parts have either been cancelled or reduced."

"Attainment of the selective stage in war implement production is bound to have an effect on steel production. As long as emphasis is on certain strategic products such as plates, bars and munition steel, production will remain lower in such items as tin

in obtaining steel for the current quarter, quotas being cut or ratings lowered. They are inclined to wait until they know their position for next quarter. Indications are that this information will be available earlier than for the current quarter.

"Deliveries of steel not under allocation or directive have undergone little change recently."

"While tonnage of scrap resulting from the household drive has tended to shrink from the figures claimed by various localities the fact is that proceeds of that effort and other salvage campaigns have stimulated outflow and the situation is decidedly easier. For current needs tonnage is ample and sufficient reserves are being accumulated by some melters to see them through the remainder of the year. The next squeeze is expected to come in first quarter unless results of industrial drives continue flow of dormant material. Apparently the widespread effort to get out household accumulations has created a scrap consciousness that is still paying dividends."

"Each month during the current navigation season a new record for iron ore shipments has been set, exceeding the best performance for the month in prior years. Most of the former records were set in 1941 when war needs stimulated the trade."

"Pig iron production in October has been announced by the American Iron and Steel Institute as 5,236,608 net tons, including ferromanganese and spiegeleisen. Cumulative tonnage for the ten months is given as 49,665,163 tons. This exceeds the full production for 12 months in all prior years except 1941 and is larger than 11 months' output that year. The October total is larger than for any month before 1942."

R. J. Murray Heads Cotton Exchange Bureau

Robert J. Murray, President of the New York Cotton Exchange, announced on Nov. 9 the appointment by the Board of Managers of Elmer S. Bonner as Director of the New York Cotton Exchange Service Bureau. Mr. Bonner has been with the Exchange Service Bureau over 12 years and served as assistant to Alston H. Garside, former Economist of the Exchange. Mr. Bonner writes the Weekly Trade Reports and supervises the issuance of the Basic Data Service and the New York Cotton Exchange Year Book. Mr. Murray, in commenting on the appointment of Mr. Bonner, said:

"This appointment marks the first public step in plans now in formation to augment and make more generally available to the entire cotton industry the valuable data published by the Exchange Service Bureau. This is not only another step in the public interest, it is something that should prove of value to the entire trade in assisting to coordinate further its war efforts."

Moody's Daily Commodity Index

Table of Moody's Daily Commodity Index showing values for Tuesday, Nov. 7 through Low, Jan. 2.

October Department Store Sales in New York Federal Reserve District 16% Above Year Ago

The Federal Reserve Bank of New York announced on Nov. 19 that October sales of department stores in the Second (New York) Federal Reserve District increased 16% over a year ago. The combined sales for January through October are 7% higher than in the same period last year and stocks of merchandise on hand in department stores at the end of October were 22% above October, 1941.

The apparel stores in the New York Reserve District reported a gain of 16% in net sales in October. Their stocks on hand at the close of the month were 8% above last year.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES: OCTOBER, 1942. Second Federal Reserve District. Percentage Changes from a Year Ago - Net Sales. Table with columns for Department Stores, New York City, Northern New Jersey, Newark, etc., and rows for October 1941, October 1942, and Stock on Hand End of Month.

*All department stores. *Apparel stores. *Subject to possible revision. Five Saturdays, 1942; four Saturdays, 1941.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS. Second Federal Reserve District. [1923-25 average = 100]. Table with columns for 1941 (October, August, September) and 1942 (October).

Engineering Construction Gains 56% Over Week Last Year

Engineering construction volume for the week totals \$100,060,000, an increase of 56% over the corresponding week last year, but 67% below the near-record volume of last week as reported by "Engineering News-Record" on Nov. 19.

The current week's construction brings 1942 volume to \$8,866,278,000, an increase of 62% over the corresponding 47-week period last year. Private work, \$533,855,000, is 52% below the 1941 period, but public construction climbs 90% due to the 140% gain in Federal work.

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

Table showing construction volumes for Nov. 20, 1941; Nov. 12, 1942; and Nov. 19, 1942. Rows include Total Construction, Private Construction, Public Construction, State and Municipal, and Federal.

In the classified construction groups, gains over last week are in industrial buildings, and earthwork and drainage. Increases over the 1941 week are in waterworks, sewerage, public buildings, and unclassified construction.

New capital for construction purposes for the week, \$613,890,000, compares with \$12,686,000 for the week in 1941. This week's financing is made up of \$500,000 in corporate security issues, \$1,102,000 in State and municipal bond sales, and \$612,288,000 in Federal appropriations for construction.

New construction financing for the year to date, \$10,201,425,000, is 63% above the \$6,258,369,000 reported for the 47-week period in 1941.

National Fertilizer Association Commodity Price Average Registers Fractional Decline

The slowly rising trend in the general level of wholesale commodity prices was halted last week, according to the wholesale price index compiled by The National Fertilizer Association, and made public on Nov. 23, which was fractionally lower. In the week ended Nov. 21, 1942, this index fell off to 130.2 from 130.4 in the preceding week.

The slight recession in the all-commodity index during the week was due principally to rather remarked general declines in prices of farm products. Cotton, grains, and livestock quotations were lower—8 important items declined, while only 4 advanced, the net result being a substantial drop in the farm product price average. Industrial commodities were likewise somewhat lower during the week, due to slight declines in miscellaneous commod-

ities, and building materials. Characterizing the steady advance in prices of unregulated foods since March 1942, the food price index again advanced to a new high level last week.

During the week, 13 commodities declined and 8 advanced; in the preceding week, there were 15 advances and 3 declines; in the second preceding week there were 12 advances and 2 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association [1935-1939=100]

Table with columns: % Each Group Bears to the Total Index, Group, Latest Week Nov. 21, 1942, Preceding Week Nov. 14, 1942, Month Ago Oct. 17, 1941, Year Ago Nov. 22, 1941. Rows include Foods, Fats and Oils, Cottonseed Oil, Farm Products, Cotton, Grains, Livestock, Fuels, Miscellaneous commodities, Textiles, Metals, Building materials, Chemicals and drugs, Fertilizer materials, Fertilizers, Farm machinery, and All groups combined.

*Indexes on 1926-1928 base were: Nov. 21, 1942, 101.4; Nov. 14, 1941, 101.6; Nov. 22, 1941, 91.0.

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 Nov. 14, 1942, is estimated at 11,250,000 net tons, as compared with 11,200,000 tons in the preceding week and 11,622,000 tons in the corresponding period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Nov. 14 was estimated at 1,174,000 tons, an increase of 90,000 tons (8.3%) over the preceding week. When compared with the output in the corresponding week of 1941, there was an increase of 69,000 tons, or 6.2%.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Nov. 14 showed a decrease of 12,200 tons when compared with the output for the week ended Nov. 7. The quantity of coke from beehive ovens decreased 11,100 tons during the same period.

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

Table with columns: Week Ended (Nov. 14, 1942; Nov. 7, 1942; Nov. 15, 1941; Nov. 14, 1941; Nov. 15, 1941; Nov. 13, 1937) and rows: Bituminous and lignite coal, Total, incl. mine fuel, Daily average, Crude petroleum weekly output.

*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. ‡Average based on 5.7 days.

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

Table with columns: Week Ended (Nov. 14, 1942; Nov. 7, 1942; Nov. 15, 1941; Nov. 14, 1941; Nov. 15, 1941; Nov. 16, 1929) and rows: Penn. anthracite, Total, inc. colliery fuel, Commercial production, Beehive coke, United States total, By-product coke, United States total.

*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.)

Table with columns: Week Ended (Nov. 7, 1942; Oct. 31, 1942; Nov. 8, 1941; Nov. 9, 1940; Nov. 6, 1937; Nov. 11, 1923) and rows: State (Alaska, Alabama, Arkansas and Oklahoma, Colorado, Georgia and North Carolina, Illinois, Indiana, Iowa, Kansas and Missouri, Kentucky-Eastern, Kentucky-Western, Maryland, Michigan, Montana (bituminous and lignite), New Mexico, North and South Dakota (lignite), Ohio, Pennsylvania (bituminous), Tennessee, Texas (bituminous and lignite), Utah, Virginia, Washington, West Virginia-Southern, West Virginia-Northern, Wyoming, Other Western States), Total bituminous and lignite, Pennsylvania anthracite, Total all coal.

*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.

Job Freezing Opposed By Wilson of GM

Opposition to various Government plans under consideration for compulsory mobilization of manpower was recently voiced by C. E. Wilson, President of General Motors Corp. Mr. Wilson, who heads the largest of the armament makers among the former auto manufacturers, said that freezing of war workers to their present jobs or compulsory shifting of them from one plant to another may impair the war production program.

According to United Press advices from Detroit:

"Freezing of men to their present jobs or drafting them for work in another factory is easy to talk about," Mr. Wilson said, "but it's quite another thing to put into operation. The Government would be wise to avoid any drastic action such as that.

"It all right to talk about making men go where they don't want to go and do work that they don't care about, but the big problem is: How are you going to get a man to do a fair day's work when you get him there?"

"There is no substitute for the right cooperative attitude," the General Motors President emphasized. "I'm in favor of an 'open labor market' which permits the small percentage of 'floaters' to move along when they're dissatisfied. Personally, I don't want anyone working for General Motors who doesn't want to."

"Mr. Wilson said General Motors is employing approximately 262,000 hourly-rated workers—more than at any time during peacetime operations—and would need an additional 150,000 when it reached peak production on all war contracts.

"The way to solve this manpower problem," he said, "is to train a lot more people, including women. 'Raiding' labor from one plant to another doesn't make more workers. Another thing, you can't win the war on a 40-hour week. You've got to have a longer work week to get full use of the current supply of manpower."

October Living Costs Up In Industrial Cities

Living costs for wage earners and lower-salaried clerical workers in October rose in the majority of the 70 cities surveyed each month by the National Industrial Conference Board. In 27 of the cities, the increase recorded was 1.0% or more, the largest being Flint, Mich., which showed an advance of 2.2%. No change occurred in Seattle. The cost of living for the United States as a whole rose 0.9%.

The Board further reported: "The cost of living was higher this October than in October, 1941, in all cities for which comparable figures are available. The largest increase, 11.5% was shown in Toledo and the smallest, 5.6% in Newark. For the United States as a whole, living costs advanced 8.2% during the 12 months and since January, 1941, an increase of 15.7% is recorded."

Interest On Panama 5s

The National City Bank of New York, as fiscal agent, is notifying holders of Republic of Panama 35-year 5% external secured sinking fund gold bonds, series A, due May 15, 1963, that funds are available for an additional payment on account of interest represented by the May 15, 1940 coupons of the bonds. Payment will be made at the rate of \$4.58 per \$25 coupon and \$2.29 per \$12.50 coupon upon presentation of the coupons at the office of the fiscal agent, 22 William Street, New York.

Annual Report Of Com. & Ind. Ass'n

The annual report of Thomas Jefferson Miley, Secretary of the Commerce and Industry Association of New York, was made public on Nov. 8 and distributed to the membership...

1. Defense and war activities, relating to priorities, contracts, civilian defense, help on the sale of war bonds, which were carried out through surveys, meetings, conferences, in close cooperation with government agencies...

2. Recognition a year ago of the approach of the unemployment problem now confronting New York and the presentation to the government of a program to forestall it or at least alleviate it.

3. The conduct of a program carried on by radio, press and one large public meeting, to bring more offices from overcrowded Washington to New York—an effort which met with considerable success.

4. The most comprehensive foreign trade program in the Association's history covering such matters as export control, price control, import regulations, and many other subjects, serving to ease some of the difficulties of foreign traders and make it possible for them to function when otherwise they might not have been able to do so.

5. Establishment and publication of an up-to-date weekly Bulletin, through which members were kept informed promptly on all matters related to the Association's work.

6. Continued effective work on taxation including constant efforts to obtain the enactment of a workable, constructive Federal revenue bill which will not destroy the source of revenue; constructive proposals for economies in the State government; opposition to pernicious, mandatory legislation which would increase both State and business costs, and support of city budget economies.

7. Laying before the nation the inequities of the Federal Securities Acts and informing the appropriate committees in Congress of the needs of drastic changes as proposed in the Wadsworth Bill.

8. Important participation in the nation-wide effort to prevent the squandering of taxpayers' money and the waste of manpower, sorely needed for war purposes, on the St. Lawrence Seaway and Power Project.

9. Preliminary steps for the organization of a New York City Promotion Bureau.

N. Y. Fund Receives

Firms and employee groups in the credit and loan business have contributed \$38,763 to the Greater New York Fund's 1942 campaign, according to a report made by William E. Thompson, of the Personal Finance Co. of New York, and Chairman of the Fund's credit and loan section, to Arthur A. Ballantine, President.

The Fund appeals once a year exclusively to business firms and employee groups on behalf of 400 voluntary welfare and health agencies that assist 2,000,000 New Yorkers annually. John W. Hanes, former Under-Secretary of the U. S. Treasury, is General Chairman of the 1942 drive.

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.

Table with columns: Period, Orders Received Tons, Production Tons, Unfilled Orders Remaining Tons, Percent of Activity Current, Percent of Activity Cumulative. Rows include 1942-Week Ended and various months from July to Nov.

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.

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

The earnings of the United States railroads for the month of September have established a new high in the history of the railroads, gross and net earnings, being the highest attained in any month in any year.

The ratio of expenses to earnings for the month of September is lower in spite of the increased use all facilities are being put to. This can be contributed to in part to the fact that time is not available for making many minor repairs at this time and to the fact that the railroads are operating on a war time basis and every inch of freight space is being availed of and that the railroads are now being operated at a maximum of efficiency.

Gross earnings of the railroads of the United States in September were \$697,792,911 against \$488,975,758 in September last year, a gain of \$208,817,153, or 42.71% net earnings in September, 1942, were \$298,087,633 against \$176,739,349, an increase of \$121,348,284, or 68.66%.

Table comparing 1942 and 1941 for Mileage of 132 roads, Gross earnings, Operating expenses, Ratio of expenses to earnings, and Net earnings.

In order to determine the underlying vital factors for the 42.71% increase in railroad earnings for the month of September over the corresponding period of the previous year, we turn now to the general activity of business and industry. In relation to its bearing on the revenues of the railroads for the month under review, we have brought together in the subjoined tabulation those figures giving grain and livestock receipts and revenue freight loadings for the month of September, 1942, as compared with September of the years, 1941, 1940, 1932 and 1929:

Table with columns: Item, 1942, 1941, 1940, 1932, 1929. Rows include Building contracts awarded, Coal (net tons), Bituminous coal, Pennsylvania anthracite, Freight Traffic, Carloadings, Livestock receipts, and various agricultural products like Flour, Wheat, Corn, etc.

Table for Iron and Steel (net tons) and Lumber (100 ft.), showing production and shipments for 1942, 1941, 1940, 1932, 1929.

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

In general, most of the items with the exception of corn and rye receipts and lumber production and shipments showed upward trends in volume of activity. Total valuation of construction contracts awarded in the 37 Eastern States was \$723,216,000, a \$2,188,000 increase above the preceding month and \$99,924,000, or 16% ahead of September, 1941.

all of these activities resulted in a decrease in freight car loadings of 36,552 cars for the four weeks of the month of September, or -8.5%. This cannot be taken as a true comparison since the number of tons transported and distance of hauls were much greater this year.

In all that has been said above we have been dealing with the railroads of the country as a whole. Let us turn from the factors responsible for the improvement in railroad operations and focus our attention on the individual roads and systems.

Of the 132 reporting to the Interstate Commerce Commission, as many as 87 reported gains in gross and 75 in net, all exceeding \$100,000 or more. At the same time, only one carrier showed a decrease of such an amount in gross earnings, and three decreases of \$100,000 or over in net. Analyzing the roads individually, the Pennsylvania continued at the head of the list, and showed an increase of \$21,409,345. In second position, was Southern Pacific with an improvement of \$17,724,823 over last year; but it was more successful in carrying its higher revenue down to net earnings and consequently led the list of roads with gains in this category with an increase of \$13,592,913 in its net as compared with Pennsylvania's net gain of \$13,021,215 which was the second greatest in this classification.

Without further ado, in the following two tables we tabulate the major variations of \$100,000 or more, whether they be increases or decreases, in both gross and net classification for the separate roads and systems:

PRINCIPAL CHANGES IN GROSS EARNINGS FOR THE MONTH OF SEPTEMBER

Table with columns: Road, Increase, Decrease. Lists major changes for various railroads like Pennsylvania, Southern Pacific, New York Central, etc.

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of \$7,343,128.

PRINCIPAL CHANGES IN NET EARNINGS FOR THE MONTH OF SEPTEMBER

Table with columns: Road, Increase, Decrease. Lists major changes for various railroads like Southern Pacific, Pennsylvania, Missouri-Kansas-Texas, etc.

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of \$7,314,782.

When the roads are arranged in groups according to their location, the generally favorable results recorded during the month of September are very clearly manifested. Turning to the largest geographical divisions, the districts, we find that the gross and net classification honors for the greatest gain over 1941 went to the Western District with increases of \$98,766,353 in gross and \$61,228,176 in net. It was closely followed by the Southern and Eastern Districts.

Revenue Freight Car Loadings During Week Ended Nov. 14, 1942 Totalled 826,601 Cars

Loading of revenue freight for the week ended Nov. 14, totalled 826,601 cars, the Association of American Railroads announced on Nov. 19. This was a decrease below the corresponding week of 1941, of 57,289 cars, or 6.5%, but an increase above the same week in 1940, of 81,306 cars, or 10.9%.

Loading of revenue freight for the week of Nov. 14 decreased 2,889 cars, or 0.3% below the preceding week.

Miscellaneous freight loading totalled 391,778 cars, an increase of 3,652 cars above the preceding week, and an increase of 2,434 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totalled 91,065 cars, a decrease of 459 cars below the preceding week, and a decrease of 65,219 cars below the corresponding week in 1941.

Coal loading amounted to 165,241 cars, an increase of 2,048 cars above the preceding week, but a decrease of 3,021 cars below the corresponding week in 1941.

Grain and grain products loading totalled 41,340 cars, a decrease of 666 cars below the preceding week, but an increase of 1,043 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Nov. 14 totalled 27,253 cars, an increase of 233 cars above the preceding week, and an increase of 1,425 cars above the corresponding week in 1941.

Live stock loading amounted to 20,243 cars, a decrease of 522 cars below the preceding week, but an increase of 4,502 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Nov. 14 totalled 15,959 cars, a decrease of 766 cars below the preceding week, but an increase of 4,022 cars above the corresponding week in 1941.

Forest products loading totalled 42,647 cars, an increase of 249 cars above the preceding week, but a decrease of 554 cars below the corresponding week in 1941.

Ore loading amounted to 60,152 cars, a decrease of 7,056 cars below the preceding week, but an increase of 2,218 cars above the corresponding week in 1941.

Coke loading amounted to 14,135 cars, a decrease of 135 cars below the preceding week, but an increase of 1,308 cars above the corresponding week in 1941.

All districts reported decreases compared with the corresponding week in 1941, except the Southwestern, but all districts reported increases compared with corresponding week of 1940 except the Eastern.

Table with 4 columns: Week, 1942, 1941, 1940. Rows include Five weeks of January, Four weeks of February, Four weeks of March, Four weeks of April, Five weeks of May, Four weeks of June, Four weeks of July, Five weeks of August, Four weeks of September, Five weeks of October, Week of Nov. 7, Week of Nov. 14.

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Nov. 14, 1942. During this period only 38 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED NOV. 14

Large table with 5 columns: Railroads, Total Revenue Freight Loaded, Total Loads Received from Connections, 1942, 1941, 1940. Rows include Eastern District, Allegheny District, Pocahontas District, and various regional railroads.

Table with 5 columns: Railroads, Total Revenue Freight Loaded, Total Loads Received from Connections, 1942, 1941, 1940. Rows include Southern District, Northwestern District, Central Western District, Southwestern District, and various regional railroads.

Non-Ferrous Metals—Moderate Gain In Lead Use Seen In Amended Conservation Order

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. and M. J. Metal and Mineral Markets," in its issue of Nov. 19, stated: "A liberalized lead conservation order was issued by WPB early in the week, which, in the opinion of producers and consumers, should bring about a moderate increase in the use of the metal as a substitute material in this period of heavy war demands for copper, zinc, and the light metals. The amended order was viewed in trade circles as a step in the right direction. Work on revising the basic quotas of copper, lead, and zinc producers operating under the premium price plan is continuing. Revision of quotas is necessary to increase output and compensate for higher costs." The publication further went on to say in part:

Copper With deliveries of copper at the highest level in the history of the industry, interest centers in lifting output wherever possible. Quota adjustments are being made to compensate for higher wage rates, according to Donald H. Wallace of OPA, to permit operating margins which are reasonable and adequate for maximum mine output. Quotations on domestic and foreign copper were unchanged last week.

been rescinded as of the close of business on Nov. 30, 1942, and New Rule 13, effective Dec. 1, 1942, has been issued. The new rule sets up percentages of the respective metals for settlement purposes, regardless of the percentages actually recovered or paid for under mine-smelter and other contracts. Demand for lead continues fairly active, and the trade estimates that at least 35% of the December needs of consumers have been purchased to date. Sales of common lead for the last week exceeded those of the week previous. Quotations were unchanged. Expansion in the use of lead under the revised lead conservation order will not be large, experts in the industry believe. Few big-tonnage items appear in the modified order. Restrictions on consumption of zinc products for ordinary civilian needs are diverting fairly large tonnages of the metal into the Metal Reserve's stockpile. Electrolytic zinc is now being produced in a new plant operating in Texas. The price of Prime Western continues at 8 1/4¢, St. Louis. Tin C. B. Henderson, President of the Metal Reserve Co., disclosed last week that the tin smelter in Texas cost about \$6,000,000 and it will have a capacity for treating all available supplies of tin-concentrate. Tin quotations were unchanged last week. Straits quality tin for forward shipment was nominally as follows: Chinese tin, 99%, spot, 51.125¢ all week. Quicksilver R. J. Lund, Chief of the Miscellaneous Minerals Division of WPB, in addressing the American Mining Congress at Salt Lake City, said the known reserves of quicksilver in the ground in this country are a decided question mark. We have been drawing from them during the last two years at a terrific rate, he said, with the result that requirements have virtually been met. The rise in the price to above previous average levels has been a factor in tripling previous average production figures. The industry group reporting to WPB, he pointed out, is unanimous on the urgent need of undertaking a vigorous exploration and development program promptly to assure adequate future supplies. The price situation was unchanged last week, quotations in New York holding at \$196@198 per flask. Silver During the past week the silver market in London has been quiet, with the price unchanged at 23 1/2d. The New York Official and the U. S. Treasury prices are also unchanged at 44 3/4¢ and 35¢, respectively. 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" as of July 31, 1942, page 380. To Pay On Belgians 6s J. P. Morgan & Co., Inc., and Guaranty Trust Co. of New York, as Sinking Fund administrators, announce that \$443,400 Kingdom of Belgium external loan 30-year 6% bonds, due Jan. 1, 1955, have been drawn for redemption on Jan. 1, 1943, out of moneys in the Sinking Fund. Payment at the principal amount will be made on or after Jan. 2, 1943, at the offices of J. P. Morgan & Co., Inc., or Guaranty Trust Co. of New York.

Items About Banks, Trust Companies

Leavelle McCampbell, President of McCampbell & Company, Inc., (textiles) has been elected a member of the Advisory Board of the 320 Broadway Branch of Chemical Bank & Trust Company. Mr. McCampbell has had a long association in the Worth Street District and at present is serving as President of the Merchants' Club.

To meet expansion demands, the Pan American Trust Company, at present located at 52 William Street, has leased for a term of years, for its New York home offices, the modern banking quarters in the 12-story building at 70 Wall Street, it is announced by President John B. Glenn. The transaction, was arranged by the Charles F. Noyes Co., for Samuel Levy, former Borough President of Manhattan, and Charles F. Noyes, owners of the property.

The Pan American Trust Co., specializing in financial transactions related to Latin American trade and acting as an international clearing house for Latin American business men, will take possession of its newly acquired space on Dec. 5 and will open its doors in its new quarters on Dec. 7. The State Banking Department approved the change in location on Nov. 19.

Involved in the lease of the building, which is to be renamed the Pan American Building, are the street banking floor, upper banking floor with mezzanine, the third floor and the basement and mezzanine, comprising a total of nearly 9,000 square feet. This space originally designed for the occupancy of the Commercial Exchange Bank and later used by the Municipal Bank and the Bank of the United States, is completely equipped for banking use and alterations to meet the requirements of the new tenant will be negligible in character.

"Our move to 70 Wall Street has been dictated not only by the immediate need for larger space, but by our confidence in the future of the 20 Latin American countries as a promising field for present and post war economic development," said Mr. Glenn. "We are confident that with the future development of our good-neighbor policy, and the resultant better understanding between business men in the United States and Latin America, tremendous opportunities will be created for the mutual advantage of all the countries involved."

The Pan American Trust Company, which has correspondents in practically every important Latin American city, maintains in addition to its main office, branches at Fourth Avenue and Ninth Street in Manhattan, and at Arthur Avenue and 187th Street in the Bronx.

In addition to Mr. Glenn, President and Edwin Studer, Vice-President and Treasurer, directors include Luis G. Legorreta, President Banco Nacional de Mexico; Gilbert Darlington, Treasurer American Bible Society; Clarke G. Daily, President Alliance Realty Corp.; Dr. Julius Klein of Klein & Saks, former Asst. Sec'y. of Commerce; August Ulrich; Elmer R. Jones, President, Wells Fargo Co.; Robert P. Holt, Vice-President, American Trading Co.; Jerome S. Hess of Hardin, Hess & Eder and Charles P. Williams.

John P. Traynor, Deputy Superintendent of Insurance of the State of New York for seven years, has been elected Executive Vice President and a Director of the Lawyers Title Corporation of New York. He will act as chief administrative officer of the company in the absence of Lieut. Comdr. William D. Flanders, President of the corporation.

George F. Rand, President of the Marine Trust Co. and the Ma-

rine Midland Corp., Buffalo, N. Y., died on Nov. 19 at his home in Buffalo. He was in his 50th year.

The following account is from the Associated Press:

Born in North Tonawanda, Mr. Rand was graduated from the University of Pennsylvania in 1916 and immediately embarked on a banking career.

Mr. Rand's first position was with the Bankers' Trust Co. at Buffalo. During World War I he served overseas with the Y.M.C.A. On his return from Europe in 1919, Mr. Rand became Assistant Secretary of the Marine Trust Co. In 1920, he was named manager of branches for the bank and, in the same year, was elected Vice President.

The Buffalo Trust Co., in which Mr. Rand and a group of young Buffalo businessmen had acquired an interest, was merged with the Marine Trust Co. in 1926 and Mr. Rand became President of the consolidated institution. Later, he was instrumental in forming the Marine Midland Corp. in 1929 and became its President.

Mr. Rand was a director of Remington-Rand, Inc.; American Steamship Co.; Buffalo Insurance Co.; Buffalo, Rochester & Pittsburgh Railway, and Dunlop Tire & Rubber Corp.

James A. Crowley, President of the People's Bank & Trust Co., Passaic, N. J., died on Nov. 13 at his home in Passaic. He was 67 years old. A native of Saugerties, N. Y., Mr. Crowley had been associated with banks in Passaic for over 30 years, the last five of which were as President of the People's Bank & Trust Co. He was also President of the Realty & Security Co.

Arthur A. Welsh, Trust Officer of the Cleveland Trust Co., Cleveland, died on Nov. 10 at his home in Cleveland Heights. He was 55 years old. Mr. Welsh had been associated with the Cleveland Trust Co. continuously since his graduation from Adelbert College of Western Reserve University in 1911, except for over a year's service in the Army in World War I. He served successively as clerk in the bank's estates department, chief clerk, Assistant Trust Officer and Trust Officer.

The Bruceton Bank, Bruceton Mills, W. Va., and the Citizens State Bank of Petersburg, Petersburg, Ind., were recently admitted to membership in the Federal Reserve System. The Bruceton Bank is in the Fifth (Richmond) Federal Reserve District and the Citizens State Bank is in the Eighth (St. Louis) District.

Frank O. Watts, Chairman of the Board of the First National Bank in St. Louis, was given a testimonial dinner on Nov. 20 by the Bank's directors on the 30th anniversary of his banking service in St. Louis. Mr. Watts, who has been Chairman of the bank since 1928, came to St. Louis from Nashville in 1912, assuming the Vice Presidency of the old Third National Bank. He became President of this institution in 1913 and six years later, in 1919, effected its consolidation with the Merchants - American National Bank and the St. Louis Union Bank to form the First National Bank in St. Louis. Mr. Watts is a former President of the American Bankers Association and the Tennessee Bankers Association.

Named To WLB Post

The National War Labor Board announces the appointment of Carl Schedler to the newly created post of Director of Operations. Formerly Assistant Director of the U. S. Conciliation Service, Mr. Schedler will now supervise the

directors of the 10 regional offices which the WLB is setting up throughout the country to administer the wage and salary stabilization program. Before his association with the U. S. Conciliation Service, Mr. Schedler was Chief of the Wage Predetermination Section of the Solicitor's Office, Department of Labor, administering the Davis-Bacon Act, as amended, which established wage rates on public works projects in the United States. In this connection, he served as special referee for the Secretary of Labor, conducting wage rate hearings throughout the country, including those for the Grand Coulee Dam.

New Shop Education Plan Announced By Packard Motor Car Co.

A further advance in a constructive program of labor relations, "giving the same story at the same time in the same way to both management and labor in a joint meeting," was announced Nov. 17 by George T. Christopher, President and General Manager of Packard Motor Car Co.

Labelled by authorities as constructive and vital to the war effort, the plan calls for frequent meetings of more than 500 company supervisors, foremen and union shop stewards for purposes of shop education and to hear outstanding national authorities talk on production and labor-management relations.

"Without good labor relations, all the mechanical skill in the world cannot get our production job done," said Mr. Christopher in making the announcement. "Toward that end, we propose to give company supervisors and union representatives the same information jointly. Men cannot be expected to cooperate their best if they do not know and understand company policies and courses of action."

"By hearing the same story at the same time, in the same way, these joint meetings of management and labor leaders are expected to clear the air and cut out the double-talk that can slow up production progress."

The plan was outlined to the supervisors, foremen and UAW-CIO shop stewards at a meeting addressed by Prof. Arthur Secord of the University of Michigan on the subject, "What Makes Men Respond?" He stressed courtesy, tact and adaptability as keynote points in successful human relations. Included among those at the speaker's table in addition to Mr. Christopher were C. E. Weiss, Packard Industrial Relations Manager, and John K. McDaniel representing the Executive Council, Packard Local 190, UAW-CIO.

The new plan is another step in the Packard "Work to Win" war production program that has already won for the company's war workers a total of 20 of the 84 awards that have been made by the War Production Board for practical production shortcuts, which is the leading factory record in the country. Packard is making new records in the production of Rolls-Royce aircraft engines for American Warhawks, British Spitfires and Hurricanes, and Packard marine engines for PT boats of the United Nations.

Callaghan Killed In Action

Rear Admiral Daniel H. Callaghan, commander of the cruiser San Francisco and former naval aide to President Roosevelt, was killed on Nov. 12 when he led a cruiser task force into a night battle for possession of the Solomon Islands.

Admiral Callaghan was naval aide to President Roosevelt from 1938 to 1941, when he took command of the cruiser San Francisco.

Individual Savings Up Sharply In Third Quarter

The Securities and Exchange Commission on Nov. 15 made public an analysis of the volume and composition of saving by individuals in the United States during the third quarter of 1942, continued a series of quarterly figures on this subject. This quarter, the Commission said, was characterized by a very large increase in the public's cash on hand and in checking accounts, a smaller rise in their holdings of Government bonds, and a further reduction in debt.

The more important results of the analysis were summarized by the SEC as follows:

"1. People in this country saved substantially more in the third quarter of 1942 than they did in the second quarter. The data indicate that the ratio of saving to income after taxes rose to a new high point.

"2. However, most of the rise in saving in the third quarter was attributable to the extremely large increase in people's cash holdings and deposits in checking accounts, amounting to close to \$4,000,000,000 or almost twice the amount in the second quarter. Saving in this form accounted for more than 40% of all liquid saving, and constituted the largest component of individuals' current saving. This accelerated growth in individuals' cash holdings and demand deposits is potentially quite dangerous in view of the inflationary pressures such funds may exert. Thus it should be noted that there is reason to believe that more and more of individuals' liquid saving will take this form in the near future as a result of the growing disparity between the rising national income and the declining supply of consumer goods.

"3. Individuals purchased \$2,800,000,000 of Government bonds (including \$2,100,000,000 of War Savings Bonds) in the third quarter, an increase of \$6,000,000,000 over the second quarter.

"4. Debts of individuals other than mortgages were again reduced substantially. However, saving in this form will tail off fairly rapidly in the near future as individuals pay off the bulk of their outstanding obligations."

Further details were given by the Commission as follows:

"Individuals' gross saving in the third quarter of 1942 amounted to \$11,400,000,000, compared with \$9,000,000,000 in the second quarter. This substantial increase was entirely due to the rise in liquid saving from \$6,400,000,000 to \$9,100,000,000, a new all-time high.

"The increase in the public's liquid saving, i.e., saving exclusive of purchases of durable goods, reflects the higher level of income in the hands of individuals after payment of taxes. Practically all of the increase in such income went into liquid saving rather than consumption. Consequently, the volume of liquid saving is substantially higher than might be expected on the basis of the past relationships between such saving and income alone. This seems to be due in part, as in prior quarters, to the restrictions placed on the purchases of durable consumers' goods and on the extension of credit for such purchases, resulting not only in an enforced decrease in purchases of these goods but also in an automatic liquidation of outstanding debt. To some extent, also, the increase in liquid saving in the third quarter probably reflects rationing and growing scarcities of other consumers' goods as well. Finally, there appears to be strong evidence in this quarter of a greater diversion from consumption into liquid saving than can be explained solely in terms of the above factors.

"The most striking feature of the pattern of saving during the third quarter of 1942 is the extremely large rise in individuals' currency and bank deposits. People as a whole added over \$1,000,000,000 to their cash hoards and \$3,000,000,000 to their deposits, for the most part in the form of deposits in checking ac-

counts. The rate of accumulation of such funds was almost twice as great as in the second quarter, the previous high point of saving in this form. Furthermore, not only have the people in this country shown a very high and increasing propensity to save in this form over the past two quarters, but there is evidence of a further acceleration in the growth of such funds in the near future. Consequently, it should be pointed out that additions to checking accounts and cash on hand represent in considerable part temporary accumulations of funds which are relatively unstable and may at any time be diverted into consumption or other channels. On the other hand, part of the accumulation of such funds undoubtedly represents provision for future payment of currently accruing taxes.

"Purchases of Federal Government securities by individuals amounted to \$2,800,000,000 in the third quarter of 1942, compared with \$2,200,000,000 in the preceding quarter. Saving in such securities constituted 31% of individuals' liquid saving in the third quarter of 1942, compared with 34% in the second quarter, 57% in the first quarter, 30% in 1941, and 10% in 1940.

"Individuals' debt which had been incurred in the purchase of automobiles and other durable consumers' goods was again reduced substantially, due principally to the low level of purchases of such goods and, to a lesser extent, to the restrictions on the granting of credit. This reduction, amounting to \$8,000,000,000, was approximately at the same rate as in the first six months of the year, the highest for any corresponding period on record. However, by the middle of 1943 saving in this form will diminish to a relatively small figure.

"Purchases of automobiles and other durable consumers' goods by individuals amounted to close to \$2,000,000,000, not much different from the first and second quarters of 1942 but a marked decline from the average quarterly level for 1941. Purchases of homes amounted to \$3,000,000,000, somewhat smaller than in the first two quarters of the year and substantially less than the quarterly figures for 1941.

"Finally, individuals' saving in the form of private insurance, mostly life insurance, amounted to \$6,000,000,000, while their saving in the form of Government insurance, mostly Social Security funds, amounted to \$7,000,000,000. This represented a small increase over their saving in these forms in the preceding quarter. There was only a small rise in individuals' mortgage debt, reflecting the comparatively small amount of new private housing. Also, there was not much change in individuals' net absorption of municipal and corporate securities."

Discusses Inflation

"Inflation and the Inflationary Gap" was the subject of an address by Dr. Rufus S. Tucker at a dinner meeting of the Financial Group of the Special Libraries Association on Nov. 4 in New York City. Dr. Tucker, Economist of the General Motors Corp., is the author of a number of books, articles and studies in the field of banking and finance.

Mary Ethel Jameson, Librarian of the National Industrial Conference Board, was Chairman of the Committee in charge of the meeting.