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To What Extent Is A Plan For Pay-As-You-Go Taxing Feasible?

By GEORGE V. KRACHT, CPA, Consultant to the New York State Department of Audit and Control, and CHARLES A. HARMON, CPA, of the firm of Meech, Harmon, Lytle and Blackmore, N. Y. C.

In his annual message to Congress, the President gave his endorsement to the pay-as-you-go basis of taxation, "as far as feasible." The problem is a much more complex one than even the experienced taxpayer supposes.

In this article, the authors examine the obstacles that stand in the way of a real current payment plan and the conditions under which they may be leveled down.

The income taxes of the country are now computed on the basis of *annual* income. In practice, this means that taxpayers wait until all the factors that enter in the computation of their incomes for any year have been determined; then compute their taxable income and the tax thereon according to law; and, finally, pay the tax on or before March 15 of the next year, or in quarterly installments.

This system has worked well during the past thirty years. Indeed, it is difficult to see how any other method of measuring income tax payments can be developed for certain forms and levels of income. Our tax rate structure, our system of varying exemptions and credits, and many special relief provisions of the law, such as the net-operating loss provisions, the capital gain-and-loss provisions, the earned income credit, and the allowance of non-business deductions, have been based upon this plan of payment. All of these and others involve the *use of a fully determined annual income as the base for the measurement of the tax.*

It is now proposed to change this system; to shift to a pay-as-you-go basis, by forgiving all taxes on 1942 individual incomes, and, as it has been forcefully put, by turning the hands of the tax clock ahead one year. This objective presupposes that all, or at least the major part of the taxes, measured by the income of any year (1943, for example) *will be determined and paid within that year.* If it does not mean this, then, at the close of 1943, taxpayers will be in practically the same position as they are today, and, presumably, they may then again with equal reason be clamoring for legislation to turn the hands of the tax clock ahead still another year.

Now despite the fact that our present system has worked so well in the past, it may be that the sudden entry into the tax field of millions of taxpayers *with no liquid resources beyond current incomes* necessitates some change. To these taxpayers, who are subject at times to severe fluctuations in income, and who are not accustomed to save for a debt of this character, the present plan of tax payments *after* the annual income by which they are measured has been earned, presents obvious difficulties in personal finance. If they had been subjected to the discipline of a few years' training under the existing scheme, at light rates, the situation might be, but, in all probability, would not be, different.

But the change required to put the country on a pay-as-you-go basis is not so simple as many advocates of that plan appear to assume. Current tax payments, as indicated, are now measured by the completely determined income of a year. And so, if we are to make a shift and measure current tax payments by current income, before the full results for the year are in, *what measure will be used?* The idea of the measure of weekly or monthly payments, used in the victory tax, instantly arises, and something such as this appears to be in the minds of all.

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GENERAL CONTENTS

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From Washington Ahead Of The News

By CARLISLE BARGERON

The wisest observation I have heard in a long time came recently from a little 22-year-old girl, just out of the university, filled up to the brim with economics, four freedoms, labor relations and political science. Over cocktails she listened attentively to the rantings of a Pacific Coast shipbuilder against bureaucracy. Finally, she asked:

"I agree with you that what these men are doing is terrible, but do you think they could do it in any other way? They are trained the way they are, they are trained to do things the way they are doing them. Don't you think it would be an awful mess if we required them to do things in another way?"

By way of which I have to report that many months ago I wrote that many men, successful in the field of private enterprise, utterly opposed to Bureaucracy, were nevertheless rushing into it because they figured that henceforth Government was to be dominant, that it was to be the principal career of an ambitious man, the best outlet for a fellow's energies, his seeking of power. Worthwhile men are still doing that. Instead of working up to the captaincy of an industry, men are still coming to Washington and seeking to assert themselves through being the head of a Government agency.

I, therefore, hasten to suggest that the tide has turned. Recent traveling about the country has convinced me that the Bureaucrat's days are numbered. But what is more immediately important is that a definite stigma is coming more and more to be attached to the term. Traveling these days is far from being pleasant. One of the most unpleasant phases is the attitude of the overworked railroad employees against travelers in civilian clothes. They are inclined to look upon them as people on pleasure bent. But until a few months ago the Government official who produced a Government order for his mileage was looked upon with a fairly healthy respect. He wasn't on pleasure bent, or so the railroad employee thought. Now, the fellow who so discloses his occupation is treated with complete contempt.

The term "Bureaucrat" has caught on out in the country as something to be despised. In the last month I have traveled some

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THE FINANCIAL SITUATION

The new Congress has been in session long enough now to suggest that it is made of sterner stuff than its predecessor. It has obliged the President to withdraw an outrageous nomination of a political "boss" for an important diplomatic post. Unless usually reliable signs fail it is in the mood to call sharply into question a number of other acts and policies of the Administration. The fact that such a Congress in such a state of mind is now in session at Washington is, of course, clear evidence that the President is far from having the people of the country solidly behind him at all points. No one at home will doubt, and our enemies would do well not to question, the fact that the country is as determined to win the war and as willing to do what is necessary for that purpose as is the President himself, but it definitely is not fully satisfied with the management of its affairs in this time of crisis.

Needs Attention

This dissatisfaction, this division among us—for such it is—does not appear to have yet reached the point of doing serious injury to the war effort, but the possibility that it may do so in the future is plainly present. In the opinion of many whose views are worthy of very careful consideration, a continuation of some of the policies complained of would inevitably do so within the coming 12 months, if not sooner. Evidently here is a situation which needs careful and dispassionate consideration—now. The first step is to inquire why these schisms have developed, why they continue, and why it appears impossible to thresh these disputed questions out and reach conclusions which inspire the confidence of the people at large.

Of course, no one expects complete unanimity at any time upon questions so vital and so complex. There are always those who would be distrustful and querulous though one rose from the dead. If the current situation were merely one in which the usual stream of soap-box complaints and country-store arguments prevailed, the matter would de-

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Labor and Postwar Problems

Many minds are already at work upon the solution of these (post-war) problems. Organized labor everywhere must join in this preparatory work in order that, when the time comes, it may not be overwhelmed, because of unpreparedness, by forces which have nothing in common with the ideals of liberty, social justice and democracy.

It is not a question of proposing ready-made recipes and blueprints to be applied automatically. But it is important to be informed, to assemble the vast available material, to study and analyze it from the viewpoint of organized labor and of the social interest. What has been lacking is a competent organization devoted to the study of war and post-war problems from the broad viewpoint of industrial democracy and the future of organized labor.—William Green.

"What has been lacking" on this side of the Atlantic is hard-headed realism in the discussion of post-war problems and their solution.

There is no reason why organized labor should not, along with organized business, supply this want.

Somebody must supply it—or both business and labor will pay through the nose.

We can only hope that in this organized labor will be able to summon greater wisdom than it has sometimes shown in its attitude toward pre-war problems.

Churchill Secures Turkish Agreement

Prime Minister Churchill, following the Casablanca conference with President Roosevelt (referred to in these columns Jan. 28, page 370), went to Turkey and held meetings with President Ismet Inonu, reaching an important agreement with that nation, an official British announcement disclosed on Feb. 2.

At the meetings, regarded as part of the strategy mapped at North Africa, the British and Turkish leaders, accompanied by military and political advisers, "examined the present situation in Europe, and particularly in those regions wherein Turkey is directly interested," and reached agreement "on all principal points," the announcement said.

Mr. Churchill carried a message from President Roosevelt to President Inonu and it was disclosed in Ankara on Feb. 2 that the Turkish leader had replied directly. No details of the exchange of notes was given out.

"Agreement was reached," it was announced, "on the manner in which Great Britain and the United States would be able to help Turkey materially to consolidate her own general defensive security, and conversations on that subject took place between Turkish and British military leaders." The official communique added:

"The Prime Minister, having so recently been in conference with the President of the United States, could speak with full knowledge of the views of President Roosevelt, who had warmly welcomed the proposal for this meeting.

"Consideration was also given to post-war problems, on which agreement was again reached. After these interviews, which took place on Jan. 30 and 31 at Adana, both Turkish and British statesmen expressed themselves as fully satisfied."

In Associated Press advices from Ankara Feb. 2 it was stated Sir Hughe Knatchbull-Hugessen, the British Ambassador to Turkey, on his return from the Adana conference, said that Turkey was not asked to enter the war and that German propaganda to this effect was a complete fabrication. The object of the conference, he said, was to provide Turkey with more defensive armaments against the uncertainties of the future.

Nothing was signed at the conference and the two leaders—Prime Minister Churchill and President Ismet Inonu of Turkey—"did not decide that if such-and-such a thing happens, Turkey will do such-and-such," Sir Hughe added. "Turkey remains as free to make her own decisions as before."

Fears Huge Army Will Cause Food Shortage

Senator Bankhead (Dem., Ala.), Chairman of a Senate Appropriations sub-committee investigating the manpower situation, warned on Feb. 3 that "we will reach the brink of starvation" if the armed forces call for more than 11,000,000 men.

Senator Bankhead's statement was made after his subcommittee had questioned Maj. Gen. Lewis B. Hershey, Selective Service Director. Gen. Hershey's testimony was not revealed by Mr. Bankhead. "Any enlargement of the armed forces will cause us to fall short of supplying the military, lend-lease and ourselves with adequate amounts," Mr. Bankhead said, voicing a conviction that an acute shortage can be forestalled only by the release of nearly 1,000,000 soldiers and sailors, according to the Associated Press.

Editorial—

To Preserve International Peace

By H. T. Newcomb

A mad world, organized to destroy, turns in its misery to thoughts of peace. Amidst the chaos of disorder, sacrificing the best and strongest of their sons to the carnage, witnessing immense and irremediable impairment of the complex structures civilization requires and men have toiled through centuries to erect, surrendering hourly their comfort and well-being and even some of their ideals of religion and civic virtue, knowing that their civilization is tottering under stupendous blows humanly contrived and may fall irretrievably unless they cease, comprehending men ask themselves whether war must come again.

Must this great curse, prolific mother of all curses, incapable of producing any gains, forever rest hardly upon the sons of men? They would know whether the genius so powerful to kill, to maim, and to destroy, is too dull, too impotent, too lacking in good will to men, to provide mankind with the pattern of the peaceful world which their nostalgia demands? They would organize the world for peace, plenty, and progress, if they could find the way, as it is now organized for degradation, devastation, and death. It has been so before. Duke Sully, Henry of Navarre's great minister in the 17th century; Tsar Alexander, Prince Metternich, and Talleyrand, after the passing of the hot and destroying breath of Napoleon; Woodrow Wilson, at Versailles in 1919; confident statesmen throughout the ages have planned elaborately for peace, and catastrophes of war have overwhelmed all they wrought.

The Treaty of Versailles was the culmination of such efforts and probably the highest possible attainment consistent with the primary conception implicit in them all, a cooperative and controlling super-state with eventual discarding of the costly and useless armaments commonly burdening the peoples. The defeated nations, under duress, admitted responsibility for the war in which they had been vanquished. For that, and the destruction which it caused, they were penalized to the extreme limit of endurance, with abnegation, and their abnegation oozed away almost as the compulsion under which they signed their surrender was withdrawn. They were forced to promise vast indemnities which they scarcely could pay. They would not pay what they could. They were deprived of territory having great natural resources required for their domestic economy. Gradually they took it back. They were denied the armies and armaments without which they could not again become aggressors and their reconstruction was prohibited. Yet they conscripted new armies and greater ones and provided them with arms and equipment far beyond anything the world had witnessed before. The treaty penalties and prohibitions might all have been enforced. The nations victorious in the war possessed ample power, from 1920 at least to the end of 1936, to enforce any demand they chose to make. But in all Europe no voice potent enough to command ordered Germany to desist from rehabilitation and from increasing her military might. Dreading no longer the aggrandizement of Germany, not perceiving the full realities of its armament, Great Britain had come to dread different dislocations of the balance of European power and could no longer see advantage in the relative strengthening of France and Russia by perpetuating the impotence of the Germans. In this situation, the artificial super-state, the League of Nations, neither could nor would move effectively. Japan was permitted to seize Manchuria. Italy ousted Haile Selassie and took Abyssinia. Germany rose again as an admitted Great Power and, suddenly, as greatest of them all in its military strength. But the voice from Geneva spoke not at all or only weakly, and without courage or confidence or any salutary consequences.

Will it not always be so with any artificially created super-state? With any plan of disarmament or deprivation of military capacity enforced from the outside? While the victim is weak will any powerful nation wish to prevent its moderately strengthening itself? When it has strengthened itself dangerously, will any country which it does not attack or threaten dare, or find it convenient, to adventure unprovoked in its reduction? Equip the super-state with an army, call it a police force if preferred, and will it not rest indolent or supine or become the facile tool of some dominant and domineering national government? To the first, second, and last of these inquiries common sense responds with an unquestionable affirmative; to the others recent history affords a thundering negative.

Is there no other expedient better adapted to the preservation of international peace? Perhaps there is. The Declaration of Independence asserts that governments are instituted among men to preserve inalienable human rights; rights to individual liberty, the pursuit of happiness according to individual tastes, and the enjoyment of property legitimately possessed. When any government ceases to protect these rights, so proclaims the immortal document, it is the right and duty of the governed, whose free consent is essential to just government, to substitute another government of their own devising, with powers approved by them and better adapted to these righteous ends. In fortunate America such constitutional changes can be achieved without violation of the fundamental constitution but in accordance with methods which it prescribes. Nowhere, however, does the Declaration suggest that governments should be formed or equipped for making or maintaining wars of aggression. Yet President Wilson said that peoples never desire or make wars, but always they are made by governments, and President Franklin Roosevelt demanded, in 1933, that the "peace of peoples" should replace the wars of governments. They were right. No modern war, in its inception, was ever approved or authorized by popular vote. In the United States, Congressional action which might have led to requiring a popular referendum before participation in any war, except to repel invasion, was defeated only by executive intervention, apparently prompted by belief that the threat of war is an indispensable instrumentality of diplomacy. Indubitably, wars are made by governments, to be financed and fought by their peoples, commonly at costs immeasurable and irrecoverable. However, not all governments are warlike. During the Nineteenth and Twentieth Centuries, from the Battle of Waterloo to the Battle of Stalingrad, neither Switzerland, Holland, Belgium, Finland, Denmark, Sweden, nor Norway ever began or brought about any war. Too weak in their numbers, in their armies and armaments, in their taxable wealth, they escaped the blood-guilt of forcible aggression and, although not wholly exempt from the conflicts of their more powerful neighbors, their peoples suffered materially less from the devastations which were caused. These governments have operated within small areas, but their relative immunity suggests inquiry whether governments cannot be created, powerful enough for all the legitimate purposes of peace, but not equipped with dangerous powers inevitably tempting them to forcible aggressions. Jefferson and Franklin believed in governments of limited powers, supported by peoples to whom would be reserved the largest possible measures of initiative and authority. If to the peoples everywhere, as distinct from their governments, could be reserved all the powers that are requisite to war-making, while leaving governments strong enough to protect life, limb, industry, and property within their boundaries, and there to perform all the essential functions of peace, there would be no more wars, unless the peoples lost their hatred and fear of warfare and, contrary to the course of all recorded history became as aggressive and arrogant as have been their egotistical governors.

Such war-necessary powers are not many, at most they are no more than ten. No modern war has been begun and maintained without reliance, by the warring governments, upon some or all of the following powers, none of them actually indispensable in peace:—

1. *Clandestine Diplomacy.* Secret understandings and alliances commonly precede wars. Honest and well-intentioned international negotiations need not fear the light of publicity. On the contrary, "open covenants openly arrived at" would gain force never attaching to results attained by unrevealed processes.

2. *Propoganda.* Governments planning war invariably attempt to inculcate fear and hatred of the enemy among their peoples. Propaganda at public expense always may be the sabotaging of popular understanding and is necessarily a crippling of criticism and opposition incompatible with true democracy and an outrageous misuse of the resources of taxation.

3. *Excessive Borrowing.* Without wars there would be no national debts of large magnitude. Wise policy would limit these debts to small percentages of the total of domestic wealth. With unrestricted powers to borrow and to tax, most governments proceed to arm excessively "for defense" and then to use the armaments for operations beyond their borders and not distinguishable, save by their sophistries, from acts of aggression.

4. *Destructive Taxation.* Discovery of the device of graduated taxation, laying heavier burdens, relatively, upon the larger taxpayers, at first seemed to enable the voting masses to impose the cost of government, which they could expand at will and for their own selfish ends, upon small minorities, while themselves remaining exempt and untaxed. It did not work out that way. Governments speedily absorbed the new taxes, vastly increased their expenditures, drained the brackets including the higher rate-payers until they could be drained no more, and promptly turned against the supporters of unequal taxation, the masses who had believed themselves exempt, exacting from them cruel taxes which

they could not evade because the upper brackets had been exhausted. All taxes should be applied equally in order that the weakest may not be victims of burdens beyond their lasting capacity to endure.

5. *Confiscation.* There need be no peace-time power to take property from its owners, except under the power of eminent domain, which must always begin with a formal legislative declaration of intent and necessity and conclude with prompt payment of just compensation judicially ascertained.

6. *Paper or Token Money.* To stamp a false declaration of value on a scrap of paper and command its acceptance in commercial exchanges and in liquidation of debts is among the most illusory and dangerous expedients of governments. In times of peace it is dangerous and unnecessary. Even during warfare it has been the prolific source of catastrophe.

7. *Conscription.* Involuntary servitude, except as punishment for crime and after conviction, exists in modern civilization only for the purposes of war. No such servitude can exceed that which drives men unwillingly to kill, to maim, to their own mutilation or death, or to the indescribable tortures of combat in remote and unfamiliar areas. Even during warfare, except for defense at home, its necessity is questionable and its advantages are undemonstrated. Inquiry is pertinent, whether the nations should preserve conscription so that they may have great wars or whether such wars ought continually to be indulged in in order that men, and eventually women, may be forced to involuntary servitudes.

8. *Legislation by Executive Decree or Directive.* The conduct of free men cannot, in any genuine democracy, be controlled by laws or rules not made with their own consent or that of their legislative representatives. Neither Abraham Lincoln nor Woodrow Wilson believed he could conduct a great war without violating this principle.

9. *Censorship.* Knowledge is power to its possessors, dangerous to those who err, destructive to the incompetent in public authority, and fatal to purposes and policies which cannot bear the illumination of public discussion. To limit knowledge and public comprehension by censorship is declared to be essential to effective prosecution of war and such restriction has been practiced by every war-making government. In peace, it is a draining of the wells of understanding and requires that the sovereignty of democratic citizenship shall be exercised while the sovereigns are blindfolded.

10. *Secret Police.* Under Napoleon, police surveillance, directed by the unspeakable Fouche, was hideously effective against the liberties of Frenchmen, and in the end it was turned powerfully against the failing autocrat. War-making dictators everywhere have imitated and augmented the system and will continue to do so while there are wars.

Very likely no government would consider the elimination of these powers from its own arsenal of authority without equivalent and simultaneous action by all other governments of strength, actual or potential, sufficient to be considered. Such self-denial and independent self-limitation is not here suggested or discussed. But, for consideration, the idea is advanced, that in the ultimate peace-settlement, when the present war has ended, the victorious nations, the United Nations, at once agree to strip themselves of these powers so essential to war and so usually resorted to by belligerents, and enforce against the defeated identical limitations. It may be, that, with this done and formal approval by majorities in each country directly affected required for their restoration, the antipathy of the peoples to warfare would become controlling and governments could no more violate their responsibilities by leading their reluctant masses into undesired and, so far as those masses are concerned, unfruitful aggressions. At any rate, the experiment would provide the world with an organization not palpably inimical to peace. Over-grown and arrogant governments, led by men eagerly obsessed with thoughts of their places in history, could no longer arm themselves extravagantly for war, and the governments thus existing would be of the type that would have been approved by Benjamin Franklin and Thomas Jefferson.

The State Of Trade

Reports from most industrial centers continue favorable, with very few signs of a let-up from the present pace. The production of electric power was one of the outstanding items this week.

Production of electricity in the United States in the week ended Jan. 30 moved to a new all-time record high level of 3,976,844,000 kilowatt hours, according to Edison Electric Institute figures. The previous high was 3,975,873,000 in the week ended Dec. 19, 1942. Production in the latest week was 14.7% above the like week last year, and compares with output of 3,974,202,000 kilowatt hours in the preceding week this year.

Each geographical section of the country showed a gain over a year ago, the increases ranging from 3.6% in New England to 29.6% in the Pacific Coast area.

Car loadings of revenue freight for the week ended Jan. 30 totaled 734,582 cars, according to reports filed with the Association of American Railroads. This was an increase of 31,004 cars from the preceding week this year, 80,983 cars fewer than the corresponding week in 1942 and 20,228 cars above the same period two years ago.

This total was 117.21% of average loadings for the corresponding week of the 10 preceding years.

Steel production in the United States is scheduled this week at 99.3% of capacity, compared with 99.5% last week, a decline of 0.2 point, the American Iron & Steel Institute reported.

The current week's rate indicated output of 1,698,700 net tons of ingots and castings for the seven days, compared with 1,702,100 tons last week and 1,622,400 tons in the like 1942 week.

Production of basic steels—ingots and castings—amounted to 7,408,744 net tons in January, an all-time peak for the month and the second largest of any month in the industry's history, the American Iron & Steel Institute reported. January output was more than 100,000 tons larger than the December total of 7,303,179 tons and was 273,822 tons more than the 7,124,922 tons produced in January, 1942. The all-time monthly high of 7,584,864 tons was in October, 1942.

Engineering construction volume for the week totals $81,796,000, an increase of 95% over the preceding week, but 49% below the corresponding 1942 week, according to "Engineering News-Record." Private construction climbs to its highest weekly volume since last October, and is 160% above a week ago. It is, however, 52% lower than a year ago. Public construction is up 88% compared with last week, but is 49% under the 1942 week. Federal work tops the preceding week by 92%, while declining 46% from last year.

The current week's total brings 1943 volume to $308,622,000, an average of $61,724,000 for each of the five weeks. On the weekly average basis, 1943 construction is 53% below that reported for the six-week period in 1942. Private work is 57% lower, and public construction is down 53% from a year ago, when adjusted for the difference in the number of weeks reported.

Department store sales on a country-wide basis showed no change, remaining the same for the week ended Jan. 30 as they did for the like week a year ago, it was revealed by the Federal Reserve System.

Store sales increased 2% for the four-week period ended Jan. 30, compared with the like period a year ago.

Department store sales in N. Y. City in the week ended Feb. 6 were 10% larger than in the corresponding week of last year, according to a preliminary estimate issued by the New York Federal Reserve Bank.

In the previous week ended Jan. 30 sales of N. Y. City department stores were 9% smaller than in the comparable week a year ago.

Depleted stocks of durable goods, the new victory taxes and the ban on pleasure driving in Eastern States are held largely responsible by retailers for a continued lag in dollar-volume sales this year compared with last year's record high, Dun & Bradstreet, Inc., report in their weekly review. According to this authority, sales for the country as a whole were estimated 4 to 9% below a year ago.

Reflecting a large war-time demand for food and a 22% increase in prices, the 1942 gross income of American farmers climbed to the record figure of $18,700,000,000, the Agriculture Department said over the weekend.

This estimate was $4,743,000,000 higher than the 1941 gross income. The department also forecast an increase of between 12 and 15% in the 1943 gross income, and further advances in farm prices.

The Nation's Class I railroads had net operating income of $1,480,940,760 in 1942, the Interstate Commerce Commission reported recently, 48.3% more than the 1941 figure of $998,286,708.

Business failures dropped sharply from 138 to 82 in the week ended Feb. 4, Dun & Bradstreet, Inc., reported, reaching the lowest level this year, and two-thirds less than the 241 at this time a year ago. In no industry group were failures more than half of last year's total and in retail trade only one quarter as large as last year.

The decline of 40% in total failures from last week reflected sharp drops in manufacturing, construction, and retail trade. Failures in wholesale trade remained unchanged and those in commercial service rose slightly.

President Withdraws Nomination Of Flynn

The nomination of Edward J. Flynn of New York to be Minister to Australia was withdrawn from the Senate by President Roosevelt on Feb. 1. The President stated that he was complying "reluctantly" with Mr. Flynn's request made on Jan. 31.

This action came just before the Senate was scheduled to take up the nomination, which had caused a bitter controversy as to the qualifications of the former Democratic National Chairman for the post.

It was generally believed that had the nomination been brought to a vote on the Senate floor it would not have been confirmed, although it would have been very close.

Mr. Flynn announced on Jan. 31 that he was asking the President to withdraw the nomination because he was "unwilling to permit my candidacy to be made the excuse for a partisan political debate in the Senate," although he said his Senate friends had assured him of confirmation. Such a debate, Mr. Flynn stated, "would imply unfortunate disunity."

The President sent the nomination to the Senate on Jan. 11 and since that time protests were raised by Senate Republicans and joined by some Democrats. The Senate Foreign Relations Committee conducted a three-day public hearing of the charges made against Mr. Flynn and on Jan. 27, by a 13 to 10 vote, recommended the confirmation to the Senate. However, mounting opposition in the Senate led Mr. Flynn to make the withdrawal request. In his statement setting forth his reasons, Mr. Flynn said:

"I do not question the motives of those who are opposing my confirmation but I am mindful of grievances, real or fancied, against the President."

In addition to being nominated for the Australian post, Mr. Flynn was being appointed as the President's personal representative in the Southwest Pacific.

The chief opposition to Mr. Flynn was based on charges—subsequently disproved by two New York grand juries—that New York City employees using city-owned paving blocks, paved the courtyard of Mr. Flynn's estate at Lake Mahopac, N. Y.

The White House released the following exchange of letters between the President and Mr. Flynn.

Mr. Flynn in his letter said:

"My dear Mr. President:

"I am requesting you to withdraw my nomination as Minister to Australia from the Senate. I am enclosing herewith a statement which I have issued which sets forth fully my reasons for asking you to take this action.

"I can't let this opportunity pass without telling you how thrilled I am and the whole country is at your brave and successful trip to Africa. It is a source of great comfort to all the lovers of freedom throughout the whole world that you have returned safely.

"With cordial best wishes, very sincerely yours,

"EDWARD J. FLYNN."

Mr. Roosevelt replied:

"Dear Ed:

"Reluctantly, I am complying with your request and have withdrawn your nomination from the Senate.

"I wish you would come to see me today or tomorrow.

"As ever yours,

"FRANKLIN D. ROOSEVELT."

Non-Deferrable Jobs Defined By WMC

Stressing that the question "What is your job?" is becoming all-important for deferment from military service of otherwise eligible men, the Bureau of Selective Service of the War Manpower Commission on Feb. 2 advised its local boards that there are certain activities and occupations which after April 1 would be "non-deferrable" regardless of dependents. The policy was issued after consultation with and approval by the WMC and the Management-Labor Policy Committee, both of which approved it unanimously. The announcement of the Commission said:

"The memorandum lists (a) 29 occupations as 'non-deferrable regardless of the activity in which they are found' and (b) all occupations as non-deferrable in 19 manufacturing, 8 wholesale and retail trade, and 9 service activities. It is emphasized also that both these lists are preliminary and that both will be added to from time to time.

"Facilities of the United States Employment Service are being mobilized to enable men with dependents, who are in these occupations and activities, to find war jobs. It was pointed out that if the worker did not shift to a highly essential occupation or activity it would be probable that a future extension of the list might again make him subject to loss of deferrable status."

In announcing the new policy the Commission stated four principles for the assistance of men whose occupations are affected by the order:

"1. Work in the listed activities will not only afford the individual no deferment status but is relatively insecure because more and more unessential activities will have to be curtailed as war production requires more raw materials, labor, transportation facilities, electric power, plant facilities, fuel, public services and the like.

"2. As in all other cases, the worker should advise his local selective board of any change of address or status.

"3. Every worker affected by the order should consult with his United States Employment Service office for employment in a war job or for information as to training that will fit him for such a job.

"4. Workers must not go to overcrowded defense centers unless the United States Employment Service has arranged a definite job."

In filling the needs for the armed services, Paul V. McNutt, WMC Chairman, pointed out that most deferments from military service have been made on the ground of dependency. "Dependency," he said, "is an important factor. But, to justify its acceptance as grouped for deferment, a worker must also be making a contribution on the home front."

A brief reference to the new policy appeared in these columns of Feb. 4, page 489.

THE FINANCIAL SITUATION

(Continued from first page)

serve no particular attention. Differences and dissatisfaction now, however, go much further and among the dissidents, often apparently in the majority, are found some of the country's ablest and most disinterested minds. Why is it that these basic issues cannot be reopened, discussed fully and sincerely reappraised without violent controversy and growing embitterment?

Advice Unwanted

There are doubtless several reasons, but two major obstacles are conspicuous. This Administration has always taken the attitude that the fountain of all wisdom and disinterestedness was to be found in itself and in the relatively small coterie of "advanced thinkers" by which it has surrounded itself. It has never really invited criticism from any one on the outside. It has rarely sought—and then with reluctance — advice or been willing to accept, or even to hear, suggestions from any but its political "friends." It has frequently, to be sure, sought out members of the Republican party. Indeed it has appeared at times to try to make a virtue of so doing, but, after all, this is really not a Democratic, but a New Deal Administration—and we may feel well assured that these Republicans fitted well into a predetermined scheme of the things. And as it was yesterday, so it is today. The Administration gives no evidence whatever of wanting suggestions save from its own.

The other major obstacle in the way of what might be termed a truly coalition management of our affairs, and even in the way of harmonious operation, is the want of plain, everyday, straight-forwardness on the part of the Administration in dealing with public questions. It has always preferred "cleverness" to forthrightness. It has always prided itself in its "smartness" in all its dealings. Distrust naturally thrives upon such behavior. One result today is that the public generally has grown into the habit of scrutinizing every move the Administration makes to find its hidden meaning or motive—and all too often finds one. Bona fide meeting of minds is difficult under such circumstances.

Taxes As An Example

The history of New Deal tax legislation affords an example of such dealings. Demand for inclusion of the lower income groups among the taxpayers of the land was met with a scheme which added a good many to the list of taxpayers but which added even more to the load of those groups which had always been paying the taxes. Apparently irresistible insistence upon what has become known as the "pay-as-you-go" plan of income tax payment now results in a proposal from the Treasury which would require the taxpayer to pay on both current income and that of last year. The result is likely to be—if one may venture a prediction concerning a situation which has as a result of the Treasury action become hopelessly confused and confusing—that a bad situation is made worse. The pay-as-you-go plan originated outside of New Deal circles.

The manpower problem, now assuming major proportions, is another excellent case in point. This problem is patently and admittedly in very substantial part a result of the determination of the Administration to raise, equip and maintain armed forces much larger than many think wise in the circumstances. But, retorts the Administration, this is a military matter and must be left to the judgment of military men.

A Military Question?

But is it? The real question is: How large an army can the rest of us support, transport and supply? Is this really a military question? It involves determining the maximum productivity of a diminishing civilian population. The degree in which it is wise to impose hardship upon the rank and file outside of the armed forces must be determined. How far they can be driven without serious impairment of morale? Industrialists, transportation executives, and those, like the President himself, skilled in feeling the pulse, figuratively speaking, of the great mass of our people surely need to be consulted, and to have a voice at least equal with that of the military authorities in such matters. This habit of insisting that all such matters must be left to army officers must, it seems to us, be set down either as the result of loose thinking or else as another "artful dodge."

Then there is another very unfortunate aspect of this debate—the widespread impression that the President is basing his decision in the matter of the size of our armies and the sacrifices all of us are called upon to make in part at least upon his burning desire to win the peace. The President is convinced, so the argument runs, that influence at the peace table will be in proportion to contributions made toward victory, to the sacrifices voluntarily suffered to defeat the common enemy, and he is unmovably determined to have his way in shaping the peace to come. How much truth there is in this theory, we are in no position to know, but the Administration, in light of all the circumstances, can not warrantably feel agrieved that it is charged with being governed by such motives.

Many other illustration come readily enough to mind, but there is no need to labor the point. It is clear enough that the time has come when the Administration is in urgent need of a greater willingness to listen and a much larger degree of straightforwardness in its dealings.

Potter Elected Head Of Urban Land Inst.

Hugh Potter of Houston, Texas, became President of Urban Land Institute at the recent annual meeting of the organization held in Washington. Mr. Potter, the developer of River Oaks, Houston's famed example of neighborhood building, is a past President of the National Association of Real Estate Boards, a former Chairman of the Home Builders Emergency Committee, a Director of the National Association of Home Builders, a Director of the National Committee on the Housing Emergency, a former Chairman of the Houston City Planning Commission, and the recently appointed Chairman of the Post-War Planning Committee of the Houston Chamber of Commerce.

Other officers of the Institute, it was made known Feb. 1, were re-elected to their respective offices. They are: Arthur W. Binns, Philadelphia, Vice-President; Herbert U. Nelson, Chicago, Secretary; and Kenneth E. Rice, Chicago, Treasurer. New members of the Institute's Board of Trustees elected at the Washington Conference were Albert Greenfield, Philadelphia; Guy Greer, New York City; and Mrs. Samuel I. Rosenman, New York City. Three members of the Board were re-elected to serve for additional three-year terms: Louis Brownlow, Chicago; Harry Chandler, Los Angeles; and Walter MacCornack, Cambridge.

The Board of Trustees reaffirmed the basic points of its proposal for rebuilding blighted city areas formulated at its 1942 annual meeting, with amendments, as follows:

"1. The establishment of a Federal urban land commission, to be provided with the funds and powers (a) to extend grants to cities for the purpose of preparing master plans for metropolitan areas, with detailed plans for the redevelopment of blighted areas, and (b) to extend credits to local land commissions for the purpose of acquiring land in blighted areas for redevelopment by private enterprise, as well as for public uses.

"2. The creation of local land commissions for metropolitan areas authorized to acquire land for redevelopment by private enterprise, as well as for public uses.

"3. Redevelopment of land so acquired by private builders shall be under regulations of local land commissions and Federal authorities.

"4. Local taxation of redeveloped areas based on assessed values related to income producing power of the properties."

The officers and staff of the Institute were directed to enlarge this program for presentation to Congress in suitable legislation which would incorporate certain detailed points of general agreement.

The Urban Land Institute also formally urged Congress to establish a committee to study proposals for post-war urban redevelopment and recommend legislation to implement an effective re-building program.

Ask Newsprint Curb Inquiry By House

Advices from Washington this week to the New York "Journal of Commerce" reported that in an effort to "prevent the wrecking of the paper industry, with the inevitable crippling of the press," about 50 House Republicans on Feb. 8 banded together to stop further reduction in paper production and planned concentration of the industry unless such moves are satisfactorily explained to Congress. The advices from which we quote added:

"The group will seek their objective in two ways: By pushing for House approval of the Halleck resolution to investigate the 'general confusion caused by rationing, regimentation, standardization, etc.,' and to get the House Committee on Interstate and Foreign Commerce to contact OPA and WPB regarding the 'next raise on paper.'"

An investigation by the House into the regulation by the War Production Board curbing the use of newsprint paper was asked on Feb. 3 by Representative Halleck of Indiana who declared that the Board's action "could threaten the press of the nation." The views of Halleck and other members of the House were indicated as follows in Associated Press accounts from Washington:

"He (Mr. Halleck) questioned the validity of putting many government regulations within the category of the 'war effort' and, concerning the printing paper curb, observed that the WPB's printing section was required, 'without adequate and reliable figures on total consumption of paper by industries under their supervision, to administer a curtailment program that could threaten the press of the nation.'

"The decision on reduction in use of paper was made somewhere else," Mr. Halleck said in a speech to the House.

Representative Bradley of Michigan said that "the Administration had started curtailing the use of all kinds of paper," and added that he doubted that many of the newspapers were aware of this. He added:

"This Congress should demand that certain policies be changed before the publications of the country are ordered to cut back production to a level that will make it unsound for them to continue in business."

Representative Shafer of Michigan said:

"The hopeless bungling of the manpower problem and the peculiar mental gymnasts of OPA were responsible for the paper production curtailment."

Mr. Halleck's resolution also called for a broad inquiry by the Interstate and Foreign Commerce Committee into Government proposals "with respect to the labeling, production, marketing and 'distribution' of articles and commodities."

Conference On War Work Discrimination

President Roosevelt on Feb. 3, directed Paul V. McNutt, Chairman of the War Manpower Commission, to call a conference to consider ways of giving the Fair Employment Practice Committee powers to meet their responsibilities. The President's action was taken, it is said, because of complaints among minority groups as to discrimination in war employment, especially charges that some railroads are discriminating against Negroes.

A White House statement said:

"For nearly two years, the President said, the Fair Employment Practice Committee and its executive director have done an excellent piece of work, placing workers in war jobs. They, however, have been handicapped by the fact that the members of the committee were working on a part-time voluntary basis, and did not have powers or personnel commensurate with their responsibilities.

"The President said he considers it advisable therefore to review the situation, and that, when the machinery has been established to meet the problem, the hearings in the railroad case and in any other cases which may have been temporarily postponed will be continued."

The Fair Employment Practice Committee was set up in June, 1941, as part of the now defunct Office of Production Management. When constituted it consisted of Mark F. Ethridge, Vice-President and General Manager of the Louisville "Courier Journal," as Chairman; Philip Murray, President of the Congress of Industrial Organizations; William Green, President of the American Federation of Labor; David Sarnoff, President of the Radio Corporation of America; and two Chicago Negroes, Milton P. Webster, Vice-President of the Brotherhood of Sleeping Car Porters, and Earl B. Dickerson, an attorney. Reference to this effect was made in these columns July 26, 1941, page 491.

Gen. Arnold To Speak At N. Y. Luncheon

Lieut. Gen. Henry H. Arnold will be the honor guest and speaker at a luncheon meeting of the Commerce and Industry Association of New York to be held Feb. 18, at 12.30 p.m. in the Grand Ballroom of the Waldorf-Astoria. General Arnold accompanied President Roosevelt to Casablanca for the recent epochal meeting with Prime Minister Churchill and, as Commanding General of the U. S. Army Air Forces, participated in the elaborate plans for a global offensive by the United Nations.

At the conclusion of his address, General Arnold will answer questions, submitted to him in advance of the luncheon.

Davis Appointed Director

Wallace M. Davis, Vice-President of the Citizens-Union National Bank of Louisville, Ky., has been elected a director of the Louisville branch of the Federal Reserve Bank of St. Louis. Mr. Davis was chosen for the unexpired portion of the term of Ralph C. Gifford, President of the First National Bank of Louisville, who resigned as a director of the branch to represent the Eighth District as a member of the Federal Advisory Council.

Post-War Prosperity Hinges on Govt. Cooperation With Industry, Labor, Agriculture Says Sarnoff

In a plea for an American Charter for American business, David Sarnoff, President of the Radio Corporation of America, speaking on Feb. 4 at a meeting of the Chamber of Commerce of the State of New York, said that the great hope for American prosperity and security in the post-war period, depends upon Government cooperation with industry, labor and agriculture. "While I realize the important place which Government must have in the picture of American industry," said Mr. Sarnoff, "I plead for an American Charter for American business. If big business is a crime, business men are entitled to know it. What is declared lawful at one time should not at another be upset by the caprice of bureaucracy. Laws should be changed by legislation, not by bureaucratic fiat."

David Sarnoff

Pointing to the vital importance of science in global warfare, Mr. Sarnoff said that the degree of success in applying wartime developments to a new world in peacetime, will be controlled by social and economic forces over which science has no control. In part Mr. Sarnoff further stated:

"The achievements of science and industry hold out for us the promise of a great post-war prosperity—but only if the individual enterprise of our citizens makes it a prosperity for all our people. Peace for only a segment of the globe and prosperity for only a section of our people will not be enough. Our constant efforts must be to make them universal. Neither industry alone nor labor alone nor agriculture alone can provide prosperity and security for all. But Government, which represents all of us, can, in cooperation with industry, labor and agriculture, help to make the entire nation prosperous and secure.

"The accomplishments of science and industry, expressed through the American competitive system of private enterprise, can be used to create employment for labor and for capital, and to stimulate national prosperity.

"Where private enterprise is able and willing to meet the needs of society, it should not be the function of the Government to create industrial enterprises or to finance them, or to run them; or to employ labor, or to operate our vast agricultural system. The Government's function should be that of an umpire to see that each segment of society plays its part in accordance with the rules and fulfills its obligations to the community as a whole. In performing that task the Government would do a great deal to assure stability to our economic life."

Mr. Sarnoff went on to say that "the old idea of a vested interest on the part of business, and the new idea of a vested interest on the part of labor, and the still newer and more dangerous idea of a vested interest on the part of a government bureaucracy must give way. None of these can have a vested interest that runs against the common welfare of society." He likewise said:

"American business is doing its share in mobilizing this great country's resources for the war. It will do its share in helping to create and maintain a prosperous world-wide peace. Free enterprise, under a free Government, will have the responsibility as well as the opportunity of giving to problems of employment, prosperity and security, the same brains, the same vision and the same concentration, which it has given to the problems of industrial science and production."

Mr. Sarnoff further said:

"The achievements of science in communication and aviation have wiped out geographical barriers, and have made the world a neighborhood in which no one's welfare can be separate from his neighbor's. When this war to save civilization has ended, there can be no peace for us as a nation unless there is peace in the world as a whole.

"To say that our isolation is henceforth impracticable is not to say that our internal problems have lost their importance or that their solution is less pressing. The contrary is true. In world affairs, we shall be able to serve others and ourselves efficiently only if our own house is in order. One of our contributions to world recovery and rehabilitation must be the assurance in our own society of the freedoms we have proclaimed to the world."

Mr. Sarnoff, who spoke under the caption "Post-War Horizons," said that after all the treasure has been spilled across the battlefronts, enough potential resources will remain to feed, clothe and house the world's population. Looking ahead to the post-war era, he envisaged bread in place of bullets, and farm tractors in place of tanks, while cargo ships will carry products of farm and factory to millions needed by a world at peace. There is no magic formula for the future, he said, and if global prosperity is the aim, it can be achieved only if global war is followed by global peace. Continuing, he said:

"Our hope for a future world economy of abundance is founded upon much more than pre-war standards of prosperity. It is based upon the promise of industrial science. The old frontiers of the world were frontiers of geography. The new frontiers are those of science. The covered wagon of the present day is the research laboratory.

"Progress in the field of radio and electronics has advanced on the same broad front with progress in other fields of science and industry. It is radio which has made possible a war of speed and mobility on land, at sea and in the air. Radio-electronic sentinels stand watch on shipboard and along the coast. The United States now has fighting forces stationed at more than sixty strategic locations on the world map. Its Navy operates on the Seven Seas. Without instant, reliable radio communication it would be impossible for these widespread forces to function as a unified war machine."

Senate Confirms Lee

The nomination of former Senator Josh Lee of Oklahoma as a member of the Civil Aeronautics Board was confirmed on Feb. 1 by the Senate by a vote of 46 to 31. Mr. Lee, who was defeated for reelection last November by Senator Edward Moore, Republican, was nominated by President Roosevelt on Jan. 11, for the remainder of the term expiring Dec. 31, 1943, to replace George P. Baker, resigned.

Thirty Republicans and Senator Tydings (Dem., Md.) voted against confirming the nomination. Joining the Democratic majority in favoring Mr. Lee were three Republicans: Senators McNary of Oregon, the minority leader, Capper of Kansas and Davis of Pennsylvania.

Selective Service Now Furnishing Men For All Armed Forces

On Feb. 1, Selective Service, through its local boards, began to furnish all men between their 18th and 38th birthdays required to fill combined calls of the Army, Navy, Marine Corps and Coast Guard. The Selective Service Bureau of the War Manpower Commission explained that all registrants ordered by local boards to report for induction will be delivered to jointly operated induction stations and there they will be physically examined by Army and Navy personnel. Those meeting physical requirements agreed upon by the War and Navy Departments will be apportioned to the services. The Bureau's announcement further stated:

"Under the new program, while registrants between 18 and 38 who are classified as available for military service will be sent to jointly operated induction stations, it will be the responsibility of the Army and Navy personnel at the joint induction stations to assign the individual registrant to the particular service for which he appears to be best qualified. However, at the induction stations registrants will be permitted to express their preference for the Army, Navy, Marine Corps or Coast Guard and that preference will be given the fullest consideration practicable. In the event that no vacancies are available in the preferred service, registrants will be assigned to that service for which the military assignment board at the joint induction stations find them best fitted.

"Registrants may apply for induction through their local boards in advance of their order numbers, by executing Selective Service Form 165, indicating the service which they prefer. They will be assigned to that service insofar as they are qualified and vacancies exist. Local boards were cautioned, however, that such registrants should not be given positive assurance that they will be inducted into the service for which they indicate preference.

"Furnishing by Selective Service of all men between the ages of 18 and 38 required by the various services is in accordance with the Executive Order of Dec. 5, 1942, prohibiting enlistments in that age group by any one of the services. The services may continue to enlist men outside the 18 to 38-year-old age group.

"In the last war, the Navy and Marine Corps obtained men through Selective Service in October and November of 1918. Prior to that time they had enlisted all necessary manpower. The Navy obtained 3,394 men through Selective Service in 1918, while 6,529 were inducted by the Marine Corps.

"Under the present program, requisitions of the Secretary of War and the Secretary of Navy will be combined in Selective Service National Headquarters and each call placed on the States and the local boards will be a combined call for a stated number of men.

"At the induction station, where registrants will be physically examined by Army and Navy personnel, physical standards agreed to by both services will prevail in the selection of men ordered up to fill the call and those registrants who meet the requirements will be assigned proportionately. This proportionate assignment will be made whether the call is filled or not. As explained by Selective Service, if in the combined call the Army asked for 80,000 men and the Navy asked for 20,000 and only four-fifths of that number, or 80,000 registrants, met the physical requirements, the Army would be assigned 64,000 men, or four-fifths of their original request, while the Navy would be assigned 16,000 men, or four-fifths of its original call.

"This apportionment applies only the the men who meet the single set of physical standards agreed upon by both the Army and Navy, which are higher than those now applied by the Army. If after the apportionment of general service men on a particular date, the Army decides to accept some registrants whose minor physical defects prevent them from meeting the higher standards it may do so. Registrants not accepted by either service will be returned to their local boards for reclassification."

Home Builders Assured On War Housing Aid

The National Association of Home Builders of the United States recently concluded a special two-day conference (Jan. 18-19) in Washington at which the leading private contractors reviewed with officials of government agencies the many vital problems facing the industry. The discussions mainly concerned the effort to speed the almost halted status of housing in war industry cities but also emphasized the financial expectations and aid which private builders may expect to complete the 1943 program.

Heading the group of Federal officials taking part in the conference was John B. Blandford, Jr., Administrator of the National Housing Agency, who expressed confidence in the ability of the industry to meet the war housing need.

In his discussion, Administrator Blandford assured confidently that the existing War Housing Standards would soon be relaxed. The revised or amended war housing standards, which have been under consideration between WPB and NHA for some weeks, seemed to hinge, it is indicated, upon the question as to whether lumber or masonry States should be outlined specifically in the Standards themselves. Builders from many sections countered with the fact that they might be located in a State where the use of lumber was restricted, yet plenty of lumber available. Mr. Blandford's explanation that while this might be true, Army or Navy requirements might requisition the lumber to be shipped, but assured an amicable solution of the matter, and the certainty the long-awaited standards would be issued within a matter of days.

Further in his open discussion to the builders, he advised that present FHA funds would permit private industry operations until March 1, and, that before the builders again experienced a reoccurrence of last October, when they were without funds to continue, a new appropriation would be requested.

In discussing the vital need for private constructors to continue doing their war housing job, Administrator Blandford said:

"I was explaining a process by which we dressed, made palatable and rationalized actually what kind of construction we have in mind for the private builders. 170,000 new starts are permitted under these new war housing standards, called temporary or permanent, anything you choose. As I understand them, the new standards coming out are liberalized, providing for larger room spaces—and these have been decided after deliberation between the War Production Board and the National Housing Agency. Keep in mind when we speak of particularly private priorities, the sort of construction that you are referring to is something that I think we have to go into a bit more. We would like to explore it in terms of specific projects. Our only concern is over that type of really temporary housing that has perhaps a little marketability after the war."

Attending the conference, which was the largest meeting of its kind ever held by the Association, were building representatives of over 300 American communities, as well as representatives of banking, insurance and other lending institutions. The general consensus, it is said, seemed to be that the terrifically nagging problems which have slowed up the home builders could, and would, be adjusted.

N.Y. Chamber To Make Study Of Proxy Rules Effect On Corp. Mngmt.

The Chamber of Commerce of the State of New York was authorized by its membership at the monthly meeting on Feb. 4 to undertake a study of the effect of the present proxy rules on corporate management. It is understood that this study will be one of the most comprehensive ever made of this subject and will be of several months' duration.

At the same time the Chamber adopted a report of its Special Committee on Corporate Management, of which William de Kraft is Chairman, urging Congress to pass the Wolverton bill which would freeze the proxy rules which were promulgated prior to Nov. 1, 1942, for the duration of the war and six months thereafter. Declaring that the Chamber was in favor at the appropriate time of any revision of the proxy rules which would simplify them and at the same time disclose adequate information to stockholders, the report said:

"The Chairman of the Securities and Exchange Commission has, effective Jan. 1, 1943, promulgated certain changes in the proxy rules which have been in existence since the creation of the Commission despite the fact that the managers of corporations are burdened with many forms of questionnaires, reports and rules which have been imposed upon them by the various bureaus of the Government.

"The changes which have been promulgated and which are not necessary for the protection of the small stockholders will undoubtedly promote controversies between stockholders and management; will tend to make proxy statements to stockholders costly in terms of time of management when clerical help is at its lowest ebb; will tend to confuse stockholders because of the voluminous matter which is not easily understood by the average stockholder; will create new liabilities on director management for which no need has been shown; and will require disclosure of internal information which in time of war should not be permitted."

Pan American Publications

The Pan American Union, Washington, has available for distribution to schools, clubs, civic and other organizations making plans for the annual continent-wide celebration of Pan American Day on April 14 a limited supply of material designed to meet the requirements of all groups arranging programs for the occasion. The material in the special Pan American Day publications feature the successive steps taken by the American Republics with relation to the war and the indispensable mineral and agricultural products which the nations are supplying for the conflict. There is also a series of articles on each of the republics giving an overall picture, including geography, history and principal products. Requests for a list of the material should be addressed to the Pan American Union, Washington, D. C.

To What Extent Is A Pay-As-You Go Plan Feasible?

(Continued from first page)

The Victory tax, however, is quite a simple tax. It has *one exemption level* and *one tax rate.* It disallows many deductions (non-business interest and taxes; charitable contributions, etc.) to which we have been accustomed. It eliminates capital gains and losses. It provides for no earned income credit. And, finally, even that tax itself, simplified as is its computation, is to be paid *currently* only on compensation. And while the "deduction at the source" plan could doubtless be extended under it to some other forms of fixed income (corporate interest and dividends, for example) these deductions could not, as the law stands, be extended to business incomes, rents subject to allowable expenses, and other similar kinds of income.

This, then, is the problem that the thorough going pay-as-you-go basis of taxation, implicit in the Ruml plan of forgiving the 1942 tax debt, poses for us. How, to be concrete, shall we measure the tax payments to be made in 1943 on 1943 income *under the present rate, exemption and other basic provisions of our Revenue Act?* How shall we ensure that these *payments approximate the final tax liability on the income to be taxed,* so that any adjustment required is relatively minor? For it is necessary to insist once more that, unless this is done, the pay-as-you-go plan, with its forgiveness of the 1942 tax debt, represents a bold and laudable aspiration, rather than a feasible plan.

II

Before attempting an answer to these questions, it will be well to explore more fully the problems involved in measuring current tax payments based on current incomes *under our existing tax laws.* While most taxpayers are vaguely familiar with the general facts, no adequate appreciation of the problem appears to exist. Nothing proves this so well as the popular belief that the shift to a current payment plan is merely a matter of establishing a legal fiction, comparable to our change to daylight savings time. But such a fiction alone would mean, merely, that we continue to pay as at present, considering the payments in any year, although based on income for preceding year, to be applicable to the income for the year in which made. If this has any actual significance at all, one might well ask *at what point,* or *under what circumstances* would the payments, *so measured, cease to be a liability* for the current year? In point of fact, the fiction alone would accomplish absolutely nothing of substance, so far as the achievement of a pay-as-you-go basis is concerned.

The heart of the problem is, as stated, to get an approximate measure for weekly or monthly, or even quarterly, tax payments due on income *of the corresponding period.* With respect to certain forms of income, we venture to say now that that is not only impracticable, it would not be desired by the taxpayers themselves, even with the bonus of a cancellation of 1942 taxes thrown in.

III

Principal among these "forms" of income unsuited to any pay-as-you-go plan are the business incomes of individuals. The Revenue Act of 1942 itself recognizes that even a year, as applied to these incomes, is not a satisfactory basis for a final determination of the tax. And so, it allows net operating loss "carry-overs" and "carry-backs" which now put business incomes for tax purposes on substantially a five-year basis. We do not argue that it would be impossible for taxpayers in business to estimate their monthly or quarterly incomes and pay some tentative tax on that basis. We merely inquire what would be accomplished by the introduction of so elaborate a mechanism into the tax collection system; particularly since, where other kinds of income are involved, the rate of taxation also must be guessed at. And again, by what method would the net-loss provisions be taken into account in the computations, especially if the year of 1942 is stricken out of tax computations?

Similar considerations apply to capital gains; and to other forms of individual incomes, such as rents, which are subject to deductions before the "net" can be computed. Some of these might be estimated for the purpose of making current payments; but others, such as capital gains, certainly can not. Yet, like business incomes, they must be taken care of in any pay-as-you-go plan, if in no other way than by *exclusion* and *separate tax.*

These are the problems created by the varying forms of individual incomes. Those created by the rate and exemption structure of the law deserve still greater consideration.

The exemption problem is felt chiefly *at the lower income levels, where its effects are most painful.* Present exemptions are $500 for a single person, $1,200 for a married person, and $350 for each dependent. Thus, a married person with two dependents (a very common status) must reach a gross income (optional tax plan) of about $2,100 before he becomes subject to regular income taxes. On the other hand, a married person with no dependents and the same gross income (also a very common status) would have a tax of $137.00; and a single person, a tax of $266.00. At the $2,500 gross income level, the rates would be:

Married person (2 dependents)	$73.00
Married person (no dependents)	203.00
Single person	335.00

To taxpayers at these low income levels, such differences are substantial. If you use a deduction rate at the source that fits, say, the married person with no dependents, the weight of the deduction would bear so cruelly on the one with two or three dependents, that not even the certainty of an eventual refund would alleviate his distress. On the other hand, if the rate appropriate to the latter were used, what had become of the pay-as-you-go basis? Yet, if numerous rates of deduction are used to fit varying conditions, the burden on payroll offices would become intolerable.

But serious as are the problems arising from the varying exemptions allowed by present law, those resulting from the rate structure are worse. It is not necessary to linger long on this point, for it is one familiar to all. Under our present Revenue Laws, different levels of income are, as almost everyone knows, taxed at different rates. For a married person (no dependents) the ratio of taxes to income (including net Victory Tax) is about 7.4% at the $2,000 level; 11.3% at the $3,000 level; 15.4% at the $5,000 level; 21.0% at the $10,000 level; and 46.7% at the $50,000 level. Consequently, to know the approximate amount of tax attaching to any portion of this income received during any month or quarter of a current year, one would have to know the approximate amount of the income for the *entire year,* less the allowable deductions. These, of course, might be capable of estimate by the taxpayer, but even those taxpayers who would stand to reap some *immediate* benefits from the shift might well recoil at the prospect. And yet, the commonly assumed alternative of deductions at the source or sources is obviously impracticable. And yet, again, if these taxpayers at the higher income levels are to wait until their income for any year has been computed before paying their taxes (over and above the relatively minor part thereof deducted at the source), in what way, may it be asked, is the proposed plan of payment substantially different from the present one? If, however, they are to be excluded from the plan, should their 1942 tax debt be cancelled? Or in what other way are they to be taken care of?

These are obstacles, obvious and high, that stand squarely across the path of any current payment plan which begins with the cancellation of tax debts on 1942 incomes. They may not be insuperable. Some can be leveled down and others evaded. But the country will be off to a very bad start on its pay-as-you-go plan if it neglects to consider them.

IV

Despite all that has been said, most taxpayers will doubtless continue to feel that the thing to do is to let the 1942 tax debt go, pass a stiff withholding tax, and wait until 1944 for the payment of the difference. In view of the obvious impracticability, under present laws, of any withholding tax that will at once do justice to taxpayers at the low-income, high-exemption levels and, at the same time, capture any substantial part of the larger taxes due from others, let us merely point out that such a plan, simple though it may seem, *is no more a pay-as-you-go plan* (excepting for those at very low income levels) *than the present method of payment.* It is, in fact, with the minor exceptions noted, merely that present method, with a withholding tax added to it. In the long run, not even those who might temporarily escape a 1942 tax debt under it, would want such a plan. It represents nothing but a paved, four-strip highway to an inflation that might well cost the war and would certainly lose the peace.

As previous analysis discloses, any feasible and *real current payment plan* requires that the current tax payments be based upon some determination and return of the taxpayer's *annual* income, past or current. No practicable alternative to this can be developed that will provide for the payment within the year of the approximate amount of the liability attached to the income for such year. This means, to be specific, that 1943 tax payments must be measured either by 1942 actual or 1943 estimated *annual* income. And since the income pattern of any acceptable estimate for 1943 would likely be, in most cases, the 1942 actual, we are forced back to an acceptance of the present basis of measuring 1943 payments by 1942 income. What, then, could the forgiveness of the 1942 tax debt accomplish? And what, under such circumstances, can any pay-as-you-go plan achieve?

There is only one escape from the hard clutches of these conclusions. That is, briefly, as follows:

1. Returns of 1942 taxes will be filed by all taxpayers as usual.

2. *Assuming for the moment that some satisfactory* (i.e. to Congress and taxpayers) *plan of deducting at the source the approximate amount of taxes on incomes at lower levels* (say $3,000 and under) can be developed, the taxpayer will be allowed to take credit for such taxes to be withheld, based on his 1942 income subject to withholding.

3. The taxpayer will pay on March 15, 1943, or in quarterly installments as at present, any excess of his tax as above computed over the amount to be withheld.

4. On or before March 15, 1944, the taxpayer will file a return of 1943 income which will become at once (a) the measure of his final tax liability for 1943; and (b) the measure of his 1944 payments, after deduction of the credit for 1944 withholdings.

5. Any excess of tax for 1943 over amounts previously withheld, plus amounts directly paid, will be payable upon filing of the return in full. Any excess of payments will be credited to the 1944 tax liability (after deduction of the amounts to be withheld) or otherwise refunded.

Admittedly this may seem somewhat involved at first reading. Actually, with carefully considered forms of returns, it would be found to be much more simple in practice than the present involved system of two separate individual income taxes, with different rates and different exemption levels, and based upon two (or, if we take into account the earned income credit and partially exempt interest) three different income levels.

Again putting to one side for the moment the possibility of getting the consent of Congress and the taxpayers to a tax scheme that will lend itself to a feasible withholding tax, let us first enumerate briefly what this proposed plan will accomplish.

1. It provides a completely determined annual income as a base for the measurement of the tax. This we take to be an essential condition of any feasible plan.

2. It establishes a *formula* by which a stiff withholding tax might be *integrated with the regular income tax provisions* and *be put into effect in 1943.* This is really the prime objective of any pay-as-you-go plan. The plan proposed accomplishes it by dividing the *tentative* tax liability for any year, say 1943, into two taxes, both based on 1942 income; a withholding tax and a regular tax. Thus, the taxpayer gets an immediate credit for the estimated 1943 tax to be withheld, and is protected against large overpayments due to a sudden drastic decline of income. In other words, "overpayments" could not exceed the difference between the regular tax on income of preceding year and that on income for current year, which, at lower income levels and under a proper withholding tax, would be relatively small. At the same time, the Treasury Department is automatically protected by the limitation that the measure for withholding must be the same as that for the total tax.

The following computation, in which all figures used are arbitrary, illustrates this:

Taxable Income 1942	$3,000
Total Tax	340
Withholding Tax	325
Regular Tax	15

If in this case the taxpayer's income should drop to $1,200 in 1943, resulting in no tax, the only overpayment would be the $15 plus the amount, if any, that happened to have been withheld on the $1,200. This would be refunded under such circumstances in 1944 after the final return for 1943 showing no tax for 1943 and no tentative "regular" tax for 1944.

3. It provides that the return filed in any year will be at once the measure of the final settlement of all taxes for the preceding year and the measure of the tentative liability for the current year; thereby simplifying the collection and reporting mechanism.

4. It requires an immediate settlement on or before March 15 of any year of any remaining tax debt for the preceding year. Thus, all taxes on 1943 income will be paid by March 15, 1944, instead of Dec. 15, 1944. (The major part is paid, of course, in 1943.)

5. It reduces "refunds" to a minimum because the mechanism allows "overpayments" due to a decline of income below the level of the preceding year to be credited against the tentative liability for the next year.

6. If a taxpayer faced with a rising income desired, he could be easily allowed to bring all his payments to a current status by measuring both his regular and his tentative tax liability by the increased level of income. (However, the full report for the preceding year will always be required.)

7. Finally, as has been indicated, the plan compels that the withholding tax base be integrated with regular income tax provisions, and our present system of two taxes based on two different computations of income be abolished.

V

In the foregoing discussion, we have assumed that some satisfactory "deduction - at - the - source" plan that will capture a large part of the taxpayer's current liability can be developed.

With our present tax structure that objective certainly can not be achieved, particularly in the very vital income range of $1,000-$3,000 where witholding is most needed and desired. This results from the fact that the Victory Tax which (except for the post-war credit) applies uniformly to all incomes over $624 a year is superimposed on a tax that starts at 19% (disregarding the earned income credit) on taxable incomes over $500 a year for single persons, $1,200 a year for married persons with no dependents, $1,550 for those with two dependents, $1,900 for those with three dependents, and $2,250 for those with four dependents; all very large income groups.

The following table and chart showing taxes (Victory tax after post-war credit plus regular income) for various income levels of married persons with none, one, two, three and four dependents illustrates this so clearly that no elaborate analysis is necessary.

Regular and Net Victory Taxes—1942 Revenue Act 10% of Gross Income Allowed as Deductions

Gross Income	Dependents 0	1	2	3	4
$1,000	$11	$11	$10	$10	$10
1,100	14	14	13	13	12
1,200	17	17	16	15	15
1,300	20	20	19	18	18
1,400	31	23	22	21	20
1,500	47	25	25	24	23
1,600	66	28	27	26	25
1,700	86	31	30	29	28
1,800	105	43	33	32	31
1,900	125	58	36	34	33
2,000	144	77	39	37	36
2,100	164	97	41	40	38
2,200	184	116	53	43	41
2,300	203	136	69	45	44
2,400	223	155	86	48	46
2,500	242	174	105	51	49
2,600	261	193	125	65	51
2,700	281	212	144	80	54
2,800	301	232	164	95	57
2,900	321	252	183	114	60
3,000	340	272	203	134	76

Horizontal lines indicate where regular tax begins to be effective.

We are not concerned here with considerations relating to the advisability of opening the door in a basic tax plan to credits for marital status and dependents, and practically closing the door to such credits in an income tax superimposed on the basic tax. We say simply that such a multiple plan of income taxation effectively prohibits any *feasible* deduction-at-the-source tax, as just a simple inspection of the foregoing tabulation proves. At $1,300, for example, the rates of taxes for everyone in the groups analyzed are practically the same. Then, differences in rates of taxation begin to crop out all along the line. At $2,000 the rates are: 7.2%, no dependents; 3.9%, one dependent; 2.1%, more than one dependent. If we travel up to the $2,500 level, these differences (substantial for the taxpayers concerned) begin to grow more complex. No feasible plan of withholding can encompass them.

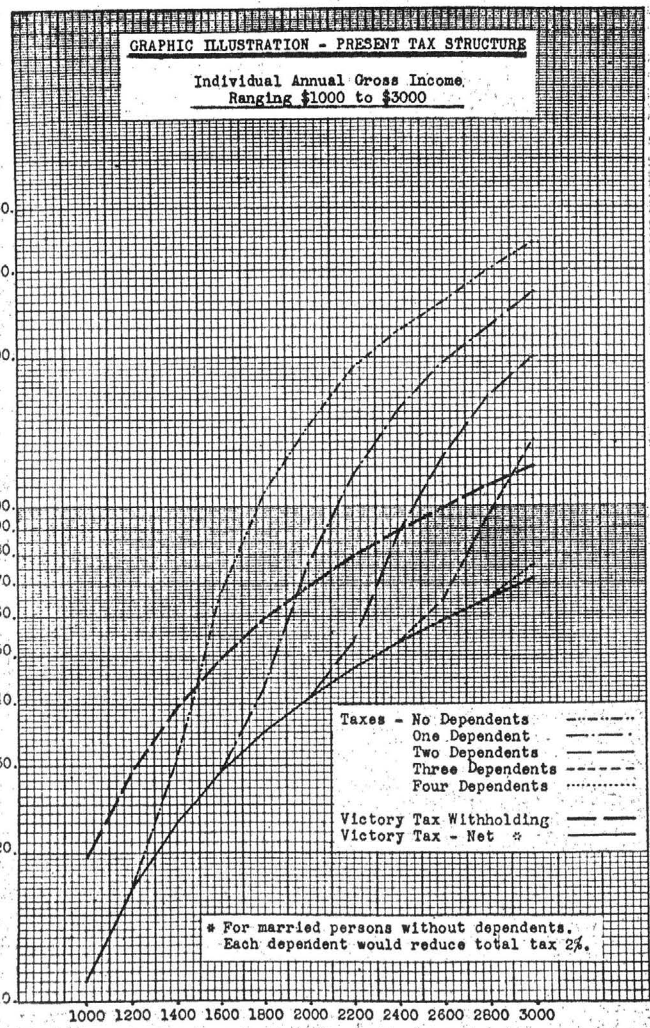
There is thus no escape from the conclusion that if we wish to get a pay-as-you-go plan, based on a withholding tax, we must integrate the Victory Tax with the regular tax provisions, either by (1) abandoning that tax above the levels at which the regular tax begins to operate; or (2) by drastically modifying, if not entirely eliminating, the credits for dependents in the basic tax provisions.

To accept the latter alternative would involve the abandonment of a social consideration that has been recognized in our individual income tax laws almost from the beginning. If we accept the former (which involves, it should be pointed out, the conformance of many regular tax provisions relating to deductions with those of the Victory Tax) the problem becomes enormously simplified, although still not without considerable complications.

We have assumed here and throughout that any withholding tax which requires payroll offices to take care of more than two exemptions would be intolerable. Payrolls must be quickly computed, and the margin of time which most large offices allow themselves is very small. Two exemption rates which would not change for any given employee during any year of employment could doubtless be handled. Further complications would imperil pay-days throughout the country, particularly now when man power is short and accounting machinery unobtainable.

If we are willing to sacrifice the Victory Tax above the levels at which the regular tax provisions begin to operate, satisfactory withholding rates based on gross income that will take as much, or if desired more, than present rates can be readily established for single men and married men with no dependents. Thus a witholding tax on single persons of 20% of gross income over $10.00 a week would provide a tax at all levels of income in the $1,000-$3,000 range, practically the same as the present Victory and regular tax, after deduction of the post-war credit. Similarly, a withholding tax of 20% of gross income over $25.00 a week on married persons (no dependents) would provide a tax substantially the same for all incomes in the range $1,400-$3,000. It would not, however, capture the Victory taxes now levied in the $1,000-$1,300 level. See preceding tabulation.

Here, however, we come face to face with the problem created by dependency exemptions in a withholding tax scheme. It may be illustrated by a few examples given in the following tabulation:



Gross Income	Withholding Tax*	Present tax with dependents 0	1	2	3	4
$1,300	--	20	20	19	18	18
1,500	40	47	25	25	24	23
1,800	100	105	43	33	32	31
2,000	140	144	77	39	37	36
2,400	220	223	155	87	48	46
2,800	300	301	232	164	95	57
3,000	340	340	272	203	134	76

*At 20% of gross income over $25.00 a week.

Horizontal lines indicate Victory taxes.

This tabulation reveals clearly the prices that must be paid for a satisfactory pay-as-you-go plan, based upon an acecptable withholding tax. It may be briefly summarized as follows:

1. We must be willing to forego the Victory tax above the levels at which the regular tax provisions begin to operate. To withhold at these lower levels at any rate that would begin to capture any substantial part of the taxes that must be levied at higher levels is wholly impracticable.

2. We must narrow the credit for dependents so that the tax withheld for the dependency group selected to measure such tax does not fall so far below the tax liability of taxpayers with lesser dependents as to defeat the purposes of withholding.

3. We must simplify the deduction provisions of the statutes so that gross income is more nearly the measure of actual income, as it is in the case of the Victory tax.

It is no part of this article to define or suggest tax policies with respect to the income groups here affected. The definition of the difficulties that lie in the path of a satisfactory pay-as-you-go plan, and the conditions under which they can be overcome or evaded, in other words, the essential conditions of such a plan, are all that concern us. However, by way of illustration and comparison with the previous tabulations of taxes under present rates, there is inserted the following comparison of a possible withholding tax on married persons with a tax of 20% on gross incomes, based on exemptions stated:

Gross Income	Withholding Tax	*Tax with following dependents 0	1	2	3	4
$1,300	--	$40	--	--	--	--
1,500	$20	100	$60	$20	--	--
1,800	80	160	120	80	$40	--
2,000	120	200	160	120	80	$40
2,400	200	280	240	200	120	80
2,800	280	360	320	280	160	120
3,000	320	400	360	320	200	160

*Exemption, married person $1,000; each dependent $200. This is not presented as a proposed plan of taxation, merely as an illustration of the part under discussion.

In this illustration, the married person with two dependents is selected as the basis for fixing the withholding rate. Thus provision against overwithholding for persons with more than two dependents would have to be made by some form of "stop" notice that employees in these groups would be allowed to arrange with their payroll offices when their full tax liability has been withheld.

In the development and application of the withholding formula, the objective of the withholding must be borne in mind. *This objective is to capture at the source a substantial part of a tax, the liability for the payment of which rests on the taxpayer and the responsibility for the collection of which rests on the Treasury Department.* This principle appears to have partly been forgotten in the withholding provisions of the Victory tax. It must be borne in mind here if every payroll officer in the country is not to be converted into a tax collector.

Plan For New Civilian Supply Office Offered

Pointing out that a positive approach to civilian production and essential civilian manpower recruiting could benefit both the war and civilian economy, the Bureau of Smaller Stores of the National Retail Dry Goods Association has filed, with the Senate Small Business Committee, a suggested outline of the functions of an independent office of civilian supply, or civilian supply administrator. In its announcement Feb. 3 the Association said:

"Most smaller store men feel that, given an adequate supply of civilian goods to sell, a minimum of manpower or womanpower to staff their stores, and comparative freedom from unnecessary regulation and interference, they can weather the wartime hazards of small retailing, comply with important regulations and overcome all potential difficulties.

"With this in mind, the NRDGA group has recommended a set-up under which civilian supply would be the object of positive and aggressive attention — stressing, however, that war needs should come first. The statement filed with the Senate Committee sets out in more detail, the thinking of the smaller store operators as to the details of the plan. It recommends a civilian supply administrator, charged with the following functions:

"1. Locating and defining, as exactly as possible, in terms of tons, yards, gallons, pounds, etc., the present supply of basic civilian consumption materials, the possible and probable supply of the same materials for each of the next several years.

"2. Locating and defining manpower, and machine resources available and essential to the production, processing and distribution of those materials.

"3. Submitting that information to the War Production Board, whose charge it would be to define war needs in those commodities against periods coinciding with the periods for which figures are submitted.

"4. Presenting the needs of the civilian economy as against the war production needs before the Board of Economic Stabilization whose function it would be to sit as an impartial referee over the pleas of the two agencies and render a decision on the basis of information submitted. War production needs would, of course, always carry priority within defensible limits.

"5. Taking the margin of material and manpower after the decision or allotment by the Board of Economic Stabilization and:

a. Through simplification, standardization and development of new products make the most efficient use of the basic material;

b. Through inventory control and allocation by manufacturer assure the most economic and equitable distribution by region and outlet, with special attention to the needs of smaller retailer and of special areas of demand.

"6. Work with all other agencies and with prime producers toward the production of more materials essential to the whole civilian economy."

Marine Ins. Co. To Show Small War Loss

American marine insurance companies, after 3½ years of actual war experience during which they have written approximately $17,061,000,000 of war risk insurance on shipping, are expected to show only a small loss on their overall operations despite the heavy sinkings, particularly during the past year, according to figures published by the American Institute of Marine Underwriters.

In summing up the activities of the marine insurance companies over the period from June 1939, when writing of marine war risks first started, to the close of 1942, the Institute on Jan. 29 said that "these war risk underwriting operations, including both cargoes and hulls, have resulted in a credit balance of $11,168,691, representing the difference between premiums of $243,036,298 and losses paid and outstanding of $231,867,607. It is pointed out, however, that this balance is a gross sum from which must be deducted taxes and overhead expense of the companies participating, and that these are expected to exceed the amount of the credit balance."

The Institute's announcement further stated:

"Opinion among the marine underwriters, as a result of their war experience, is that the basis on which the war risk insurance has been written, figuring out around 4½%, has been slightly inadequate to meet taxes and operating costs and furthermore left no provision for reserves to cover the temporary and speculative nature of the business.

"Of the total insurance written, cargo insurance represented $13,-252,000,000 and hull insurance $3,-809,000,000. Cargo insurance, which is cleared through the American Cargo War Risk Reinsurance Exchange and the risks apportioned among the individual companies, showed a credit balance of $35,640,308, representing the difference between net premium income of $206,887,461 after adjustments and Exchange expenses, and losses paid and outstanding of $171,247,153.

"Volume of war risk cargo insurance being written currently through the Cargo Exchange is materially less than heretofore, due to the limited amount of export cargoes and the fact that Government is insuring a substantial part of imports, particularly foodstuffs, at non-compensatory rates.

"The credit balance of $35,640,-308 on cargo war risk insurance was offset by a debit balance of $24,471,618 resulting from the operations in insurance on hulls, representing the difference between net premium income of $36,148,837, and losses paid and outstanding of $60,620,454.

"Hull insurance has been carried out through the American Marine Insurance Syndicate to which the leading marine insurance companies belong. The Syndicate discontinued writing war risk hull insurance during 1942 when hull insurance was taken over entirely by the War Shipping Administration. By the end of the year it had practically wound up its war underwriting operations. At that time only one ship remained as a risk with outstanding insurance of $847,000."

NY Savings Banks Up Govt. Bond Holdings

New York State savings banks were responsible for the investment of over $685,000,000 in U. S. Government bonds during 1942, according to preliminary figures issued by the Savings Banks Association, on Feb. 5. On this amount, $370,000,000 represents the increase during 1942 in government bond holdings by the savings banks for their own account and $315,532,000 represents War Bonds and Stamps sold by the savings banks either over the counter or through systematic savings plans. They also operate over 166,000 pay-roll savings accounts in cooperation with the War Savings Staff of the United States Treasury.

Despite the fact that the net gain in savings bank deposits for the year was only $20,379,000, their holdings of United States Government issues increased from approximately $1,950,000,000 at the end of 1941 to $2,320,000,000 at the end of 1942—an increase of about 19%. The announcement from the Association also said:

"Increasingly important to the large volume of War Bond sales are the pay roll and other systematic savings plans currently in operation in most savings banks. At present the savings banks are operating pay roll savings plans for 3,124 employers with over 166,000 employees. These plans, most of which were put in operation late in 1942, have already accounted for the sale of some 365,000 individual War Bonds. In addition, over 15,000 people are saving regularly for War Bond purchases through savings bank Victory Clubs. Both of these plans enable people to save a fixed amount each week out of their current earnings and provide a convenient, safe method for regular War Bond buying."

FDR Asks $4 Billion More For U. S. Navy

President Roosevelt asked Congress on Feb. 5, for an additional $4,000,000,000 cash and $210,000,-000 of contract authorizations for the Navy. In submitting the request to Congress the Budget Bureau said the funds were needed to "provide for additional requirements for the prosecution of the war," and "to provide for contingencies which have arisen since the transmission of the budget for the fiscal year 1943."

The breakdown of uses the Navy intends for the additional funds included:

Miscellaneous expenses, $7,500,-000; research laboratory, $350,-000; operation and conservation of naval petroleum reserves, $2,900,-000; naval reserve, $48,000,000; training, education and welfare, $4,845,000; maintenance for the Bureau of Ships, $850,000,000; ordnance and ordnance stores, $1,-000,000,000; pay, subsistence and transportation, $494,968,000; medicine and surgery, $67,000,000; yards and docks, $800,000,000; aviation, $562,000,000; armor, armament and ammunition $417,-000,000.

Free Enterprise Must Be Fostered After War Declares Nova Scotia Bank President

That free enterprise "has a major part to play in providing a large enough production of goods and services to make economic security a reality," in the post-war readjustment was the statement made by J. A. McLeod, President of the Bank of Nova Scotia, at the annual meeting of the stockholders of the bank at Halifax on Feb. 3. Mr. McLeod went on to say:

"Indeed, one of the principal functions of the Government should be to encourage the return of conditions which will give freer play to individual initiative and progress. There need be no real contradiction between Government policy and freedom of enterprise. Let us not fall into the error of regarding freedom of enterprise as the mere absence of Government intervention. Let us recognize that private monopoly is not free enterprise and that State regulation in such cases is not an encroachment upon, but rather a protection of, individual rights. Let us also recognize that in the realm of tariff policy, immigration, and international agreement generally, the Government is in a position to foster conditions in which free enterprise may thrive."

At the same time it was pointed out by Mr. McLeod that "one of the questions about which there is now a good deal of public discussion concerns our wartime controls." "There is no economic reason," he said, "why this should be a major problem. In the main, the wartime controls have been designed to combat the effects of shortages, and they should be removed, not immediately, but gradually as the shortages are overcome and as the maladjustments between demand and supply are corrected."

With respect to the increase in control problems, President McLeod had the following to say:

"The future promises no easing in the problems of price control. Generally, the upward pressure on prices is indicated by the large excess of purchasing power over prospective supplies of civilian goods, which means that the natural tendency of buyers is to bid up prices and of sellers to mark up prices. The desire of sellers to raise their prices is often fortified by pressures on their costs, inherent in the advanced stages of wartime mobilization and mostly traceable to shortages of manpower and materials. They include higher unit costs resulting from necessary curtailment in production, and higher labor costs resulting from the use of inexperienced and less efficient help and from a more rapid rate of labor turnover. In agriculture, producers often ask for higher prices to enable them to hold their remaining help and to compensate them for their increased toil and difficulties. Then, too, the less favorable experience of the United States in the realm of price control increases the problems of control in this country."

Pointing out that "it is of the utmost importance that the Canadian people persist in the battle against inflation with unabated vigor and determination," Mr. McLeod said:

"But success in controlling prices implies an increasing measure of self-restraint and cooperation. It requires an even greater degree of saving through the curtailment of all but essential spending. It involves a general willingness to subordinate group interests in higher prices, higher profits, and higher wages to the national interest. It also implies willingness to accept necessary additional controls and public cooperation in making them work. And, of course, it calls for competent and determined administration."

In his remarks Mr. McLeod stated that "a brief review of the developments in the main industries brings out the remarkable expansion in war output and shows how war demands are impinging upon civilian activities"; he added:

"In the sphere of manufacturing, the enormous increase in war output dominates the scene. According to the Minister of Munitions and Supply, war output amounted to about $2,600,000,000 in 1942 as against some $1,200,000,000 in 1941, and will increase to an annual rate of $3,700,000,000 when the program reaches its peak this year. . . .

"To turn out this great flow of the 'tools of war,' more and more workers have been required and employment in metal-using and chemical industries has increased to new record totals. Behind this great expansion lies a remarkable record of organization and technical progress. The growth of war industry to its present stature has been accompanied by—indeed, it has been made possible by—a great development in the skill of Canadian men and women workers, startling results in Canadian scientific investigation, and rapid and continual progress in industrial technique."

At the Feb. 3 meeting of the stockholders of the bank (the 111th annual general meeting), H. D. Burns, General Manager, referred to the subject of taxation, saying "there can be no doubt that the vast majority of Canadians accept such heavy taxation with good grace, as a necessary part of their wartime responsibilities." "I believe, however," he said, "that the system of collection could be greatly improved by the adoption of a pay-as-you-earn policy along the lines of what is now known as the Ruml Plan." He further stated:

"Last year, the Government took an important step in the right direction by adopting a policy of collecting income taxes at the source of payment on a frequent and regular basis. But significant as this improvement has been, current tax collections still relate to the past rather than present income and as a general rule we are all eight months behind in our payments.

"At pre-war rates, this lag did not raise major difficulties, but at the very high rates of today it works serious injustice and tends to increase tax defaults. . . . And for everyone who is subject to the risk of a reduction or loss of income—and who is not in this category?—the present system leaves a dangerous liability. One needs only to think of the inevitable readjustment following the close of the war to realize the difficulties that may arise. The pay-as-you-earn system would solve these problems without any significant loss of current revenue to the Government."

Mr. Burns pointed out that the bank's Annual Report presented at the meeting showed "the steadily increasing activity of business during the past year which resulted from the further development of the country's war program." "In several of the headings of the balance sheet," he observed, "the amounts shown are at record figures, due, principally, to the large expenditures by the Government for war purposes and, also, to our participation with other banks in a loan to the Government by way of deposit certificates." As to taxes and profits he said:

"The Dominion Government taxes were $1,357,773—over $295,000 more than in 1941—and after providing for these taxes and after making appropriations to Contingent Accounts, out of which full provision for bad and doubtful debts has been made, net profits are $1,860,262. These profits are about $75,003 lower than in the previous year but this reduction is almost fully offset by the refundable portion of our taxes shown at $70,000, which will be repaid to the bank in the Government's second fiscal period after the end of the war. We believe the shareholders will find the showing not unsatisfactory.

"All will appreciate the necessity of heavy taxation under present conditions and, equally, all will agree that any self denial occasioned by the war needs of the Government is well worth while. The present system of taxation is devised in such a way that irrespective of our gross earnings our profits available for dividends will be only 70% of our average taxable profits for the four years 1936-39.

"Dividends required a total of $1,380,000 and after making a contribution to the Officers' Pension Fund of $210,000 and writing $250,000 off Bank Premises Account, there remained from the profits $20,262 to be carried forward, thereby increasing the balance to $1,286,755."

"Total deposits," Mr. Burns noted, "at $337,591,000 show an increase of $40,000,000 for the year. Of this increase, $16,550,000 is represented by Dominion Government balances arising from the Third Victory Loan issue in November, and $23,000,000 by business deposits, that is, those not bearing interest. The latter reflect the larger disbursements by the Government for war purposes."

"Total assets," he said, "are $410,467,055, up about $30,000,000 for the year, which is an all-time high in the 111 years since the bank was founded."

Cotton Futures Contract Revisions Under Study

A committee representing the entire cotton industry has been formed to study questions affecting a revision of the New York Cotton Exchange futures contract. The first of a series of meetings to study the economic desirability of some cotton futures contracts revisions took place in New York City on Jan. 18 and 19 and other meetings will be held in the near future. The all-industry committee was formed from the industry-wide committees, representing the Department of Agriculture, cotton manufacturers, merchants, an out-of-town advisory group and the Cotton Exchange, which had been working on recommendations for futures contract revisions which would be acceptable to the entire industry.

Robert J. Murray, President of the Cotton Exchange, in making the announcement of the coming meetings, reiterated the flexible attitude of the Exchange and its ability to keep in tune with the ever changing requirements of modern business. He further declared "that the New York Cotton Exchange provides a vital medium for cotton distribution and that the members of the Exchange fully recognize the necessity for keeping the contract closely geared to the requirements of the entire trade and the protection of the grower as well as the consumer."

MacLeish Quits OWI

Achibald MacLeish has resigned as Assistant Director of the Office of War Information in order to devote his full time to his post as Librarian of Congress. Mr. MacLeish was head of the Office of Facts and Figures from its creation in October, 1941, until it became part of the OWI in June, 1942. Since that time he has served in a part-time capacity as assistant to OWI Director Elmer Davis.

Formula To Liquidate U. S. War Projects In Canada Presented

A permanent formula for the post-war liquidation of defense projects constructed in Canada by the United States is provided in an exchange of notes between the Governments of the two countries, presented in the Canadian House of Commons on Feb. 1 by Prime Minister Mackenzie King.

The foregoing was reported in Associated Press Ottawa advices, which further stated:

The formula decrees that all immovable assets of the United States are to be released within one year after the end of the war to the Canadian Government or the provincial Government. All movable assets must be removed from Canada within one year or offered for sale to the Government. The price would be fixed by two appraisers, one chosen by each country, with power to select a third in case of disagreement.

If movable assets are not removed or sold to the Crown within one year, the formula sets forth, they must be offered for sale on the open market. If they cannot be sold, their disposition is to be referred to the permanent joint defense board.

The formula, it was said, was designed to cover disposition of United States projects for which no special agreements have been made.

Among the major projects undertaken by the United States is the Alaska highway which, under a special agreement, is to become a part of the Canadian highway system after the war.

Mutual Savings Banks' Investments In Govt. Securities Increased

The National Association of Mutual Savings Banks announced on Feb. 5 that mutual savings banks of the United States have distributed to the American public $750,000,000 of War Savings Bonds. Their policy of urging the purchase of War Savings Bonds to the limit, then of saving and still further saving as an antidote to the high cost of living, also has resulted in mutual savings deposits going ahead by $131,278,410 in 1942 to the all-time peak of $10,620,957,953. New investment by the banks for their own account in regular issues of Government securities, approximating $725,000,000, was five and a half times the gain in deposits last year.

"This stability of mutual savings accounts is a further assurance of our capacity to finance the war by voluntary loans," said Levi P. Smith, President of the Association and President of the Burlington (Vt.) Savings Bank, on Feb. 5. "Most significant is this proof that the public have grasped the economic realities of the present and are able to save and save, and then save.

"America has just demonstrated its ability to absorb $12,000,000,000 of Victory Loan Government Bonds within a single month. This is evidence that we have a sound underlying economy as well as comprehension of the economic realities by the great masses of our citizens," Mr. Smith stated; he added:

"Assets of mutual savings banks rose from $11,794,289,030 at the beginning of 1942 to $11,950,577,506 at the end of the year, an increase of $156,288,476. Mutual accounts declined from 15,738,907 to 15,294,143. This decrease of 444,764 was primarily due to efforts to sell war bonds to small purchasers. For similar reasons there was a decline in school savings accounts. However, numerous Victory Clubs and special payroll savings plans for the purchase of War Savings Bonds were initiated by the banks during the year.

"The average account in all mutual savings banks, including the various clubs and special accounts, amounted to $694.45 at the year end. This was an increase of $27.97 from the 1941 average of $666.48. The average account in regular, or old-style mutual savings accounts, exclusive of club accounts and special feature accounts, was $850.82. Interest-dividends upon deposits average 1.88%, thus reflecting the prevailing low levels of return upon Government bonds and other conservative investments.

"Combined surplus accounts at the end of 1942 aggregated $1,279,662,303, a gain over the previous year of $8,398,794, an average reserve per deposit amounting to 12 cents of additional protection for each dollar of deposits, one of the highest ratios of protection ever built for any similar aggregation of capital."

Rationing of Canned Foods Begins March 1

The Office of Price Administration announced on Feb. 2 that rationing of canned fruits, vegetables, juices and soups, frozen fruits and vegetables and dried fruits, will begin on March 1. All retail sales of these foods will be suspended as of midnight Feb. 20 and registration of the entire civilian population for War Ration Book Two will be conducted for six days beginning Feb. 22. These books will be needed to purchase rationed foods under the new point rationing system, which takes effect March 1 when retail selling will be resumed.

The first ration period will be for the entire month of March, and each holder of Book Two (except those possessing more than the allowable maximum of five cans) will have 48 points to spend in this first period, with each purchase "costing" a specified number of points. The exact number of points to be assigned for successive ration periods will not be disclosed until the middle of the previous month, OPA said. Thus, points for April will be announced around March 15.

Official point values for the more than 200 food items covered by the regulation will be disclosed as soon as retail sales are frozen on Feb. 20. The OPA said that storekeepers are to make use of the "freeze" period to replenish their stocks and they must display prominently the official table of point values for the information of consumers. While point values will differ according to the relative scarcity of the various foods and also according to the size of the container, the OPA pointed out that every item will have the same point value in every store in the country.

Plans for the rationing of the food items were mentioned in these columns of Jan. 7, page 72.

Cuba-U. S. Sign War Pact

A supplementary military and naval cooperation agreement has been entered into by the United States and Cuba. It was signed at the Ministry of State at Havana on Feb. 1, according to a cablegram to the New York "Times" which said:

"The Minister of State, Dr. Jose Augustin Martinez, acted for Cuba and American Ambassador Spruille Braden for the United States. A United States Admiral, James L. Kaufman and Commodore Diez Arguelles, Chief of the Cuban Navy, were present.

"The details of the agreement were not made public."

Signing of the original pact was noted in our issue of Sept. 17, 1942, page 997.

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)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Feb. 9	117.10	108.88	117.60	115.24	109.97	94.56	99.04	112.75	115.63
8	117.08	108.88	117.60	115.24	109.97	94.56	99.20	112.75	115.43
6	117.09	108.88	117.80	115.04	109.97	94.71	99.20	112.75	115.43
5	117.09	108.88	117.60	115.04	109.97	94.71	99.04	112.75	115.63
4	117.12	108.70	117.60	115.04	109.97	94.56	99.20	112.75	115.43
3	117.14	108.88	117.80	115.04	109.97	94.71	99.20	112.75	115.43
2	117.07	108.88	117.60	115.04	109.97	94.71	99.20	112.56	115.43
1	117.04	108.88	117.60	115.04	109.97	94.71	99.20	112.56	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
22	117.05	108.34	117.20	114.66	109.60	94.26	98.73	112.37	115.24
15	117.05	108.16	117.20	114.66	109.42	93.82	98.41	112.19	115.04
8	117.02	107.62	116.80	114.08	109.06	92.93	97.62	112.00	114.66
1 Exchange Closed									
High 1943	117.14	108.88	117.80	115.24	109.97	94.71	99.20	112.75	115.63
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
Feb. 9, 1942	116.93	106.92	116.22	113.70	107.98	91.91	97.16	110.52	113.70
2 Years ago									
Feb. 8, 1941	116.51	106.21	117.80	113.31	106.39	90.20	96.54	109.79	113.31

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

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Feb. 9	2.06	3.23	2.77	2.89	3.17	4.10	3.81	3.02	2.87
8	2.06	3.23	2.77	2.89	3.17	4.10	3.80	3.02	2.88
6	2.06	3.23	2.76	2.90	3.17	4.09	3.80	3.02	2.88
5	2.06	3.23	2.77	2.90	3.17	4.09	3.81	3.02	2.87
4	2.06	3.24	2.77	2.90	3.17	4.10	3.80	3.02	2.88
3	2.06	3.23	2.76	2.90	3.17	4.09	3.80	3.02	2.88
2	2.06	3.23	2.77	2.90	3.17	4.09	3.80	3.03	2.88
1	2.06	3.23	2.77	2.90	3.17	4.09	3.80	3.03	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
22	2.06	3.26	2.79	2.92	3.19	4.12	3.83	3.04	2.89
15	2.06	3.27	2.79	2.92	3.20	4.15	3.85	3.05	2.90
8	2.07	3.30	2.81	2.95	3.22	4.21	3.90	3.06	2.92
1 Exchange Closed									
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	2.06	3.23	2.76	2.89	3.17	4.09	3.80	3.02	2.87
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
Feb. 9, 1942	2.06	3.34	2.84	2.97	3.28	4.28	3.93	3.14	2.97
2 Years ago									
Feb. 8, 1941	2.10	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99

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

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1942, page 202.

Moody's Common Stock Yields

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

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

Month—	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
January, 1942	7.4%	7.2%	7.6%	5.3%	4.5%	7.2%
February, 1942	7.2	7.4	7.7	5.6	4.6	7.1
March, 1942	7.7	8.2	8.5	6.0	5.0	7.7
April, 1942	7.7	8.3	8.9	6.1	5.3	7.8
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.8	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1
October, 1942	5.5	7.0	7.2	5.0	4.4	5.8
November, 1942	5.5	8.0	7.1	5.2	4.5	5.9
December, 1942	5.3	8.6	7.2	5.0	4.2	5.7
January, 1943	5.0	7.9	6.8	4.5	4.1	5.4

Steel Operations Show Little Change—Output And Demand In Better Balance—Prices Higher

"The wage increase problem occupies the main stage this week, with the War Production Board's jurisdictional dispute at Washington and several price developments drawing their share of attention from the metals and metal-working industries," says "The Iron Age," in its issue of today (Feb. 11), further adding in part as follows: "Apprehension already is being expressed in some quarters over a possible bituminous coal strike April 1, and speculation has arisen over whether the CIO might move to reopen its contracts with leading steel companies, following indications of union dissatisfaction with the "Little Steel" wage stabilization policy allowing 15% pay increases between Jan. 1, 1941 and May 1, 1942.

"A direct push by high union officials toward revising steel industry wage contracts is not likely right at this time, in the opinion of informed observers, but agitation by local unionists can be expected.

"The new Controlled Materials Plan, amplified by several important new regulations this week, is expected to remain unchanged basically.

"Discussions are underway concerning several extra charges on certain kinds of steel and also upon pig iron prices in at least one area.

"Beehive furnace coke prices have been raised 50 cents per ton by OPA, effective Feb. 3, after a survey of 60 plants. This will help the oven operators to absorb the increased cost of coal, but it will not remove the threat of an unbalance in the aggregate supply of beehive coke, which arises principally from the manpower problem, particularly at the smaller, marginal units.

"Much interest centers upon Lake Superior iron ore prices, customarily established at about this time of year in advance of the formal opening of the navigation season. It is believed that OPA will resist any blanket increase in ore quotations despite the fact that mining companies are pressing for relief to help meet increased costs. However, average prices paid for iron ore in 1943 may be slightly higher because of the fact that new mines can charge more.

"Last week the 14 claimant agencies under CMP were given their cuts of copper, steel and aluminum for the second quarter. Requests for carbon steel were reduced 17%; alloy steel 15%; copper 16% and aluminum 14%, to bring demand in line with supply. Some of the less important war requirements were curtailed severely.

"It is understood that in second quarter the manufacture of steel shell cases will be increased. Heavy purchases have been made of equipment for producing the steel cases."

The American Iron and Steel Institue on Feb. 8 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.3% of capacity for the week beginning Feb. 8, compared wth 99.5% one week ago, 99.3% one month ago and 95.5% one year ago. This represents a decrease of 0.2 point or 0.2% from the preceding week. The operating rate for the week beginning Feb. 8, is equivalent to 1,698,700 tons of steel ingots and castings, compared to 1,702,100 tons one week ago, 1,698,700 tons one month ago, and 1,622,400 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 8 stated in part:

"Steel markets are fairly steady, demand and delivery showing little change with billets and large bar rounds tightest of all carbon steel products and shipments on alloy grades much more extended than carbon steels.

"Application of the new Controlled Materials Plan is beginning to affect methods of applying for steel tonnage. Plate consumers have been advised that their PDX298 forms will apply to all requirements up to third quarter except for such orders as are covered by production authority allotments bearing numbers under CMP amendment No. 6. Beginning with applications for April rollings they are advised to discontinue the 10 group classifications now used and instead to identify orders by appropriate CMP claimant agencies. They are advised to continue use of PD169 forms through second quarter but to place all CMP orders under amendment No. 6 first and follow in priority sequence orders for which form 298 have been filed.

"Details of procedure governing PRP units in the period of transition to CMP in second quarter have been included in an amendment to the priorities regulations. This is to assure materials to manufacturers pending receipt of allotments under CMP by extension into second quarter of a basic percentage of first quarter authorizations.

"The situation in reinforcing bars continues unsatisfactory to steelmakers, WPB orders limiting production almost exclusively to rerolled rails, leaving a large tonnage of off-heat steel which could be utilized for this purpose instead of being remelted as scrap. Efforts to have this ruling changed are being continued, with little indication of success. The restriction has been broadened to include four Pacific Coast states formerly not covered.

"While no new orders for domestic freight cars were placed in January a number of orders placed last year and frozen by WPB have been released. About 15,000 of the 20,000 to be built in first half have been released from the frozen orders.

"Pig iron supply is definitely easier and all essential users are being given enough for their needs. Foundries note a decline in orders for some purposes and some have curtailed operations for this cause and also in some instances from lack of manpower. Larger agricultural implement production is expected to provide additional castings orders.

"Principal difficulty in the scrap market has shifted from material supply to manpower and the situation promises to become worse unless higher wages can be paid to restrain workers from changing to war work paying more. Chicago handlers have asked Washington for permission to raise rates.

"Salvage sections of War Production Board are much encouraged at results obtained this winter, as enough scrap is being supplied to maintain steelmaking and most melters have been able to accumulate reserves for several weeks. In addition, yards still contain large accumulations from drives late last year, which have not yet been prepared for shipment. Borings and turnings are still a problem and opinion is divided on the effect of the recent shift in prices by Office of Price Administration, designed to move these grades more promptly.

"Institute of Scrap Iron and Steel Inc. estimates scrap consumption in 1942 at 55,841,000 tons, 4% over the previous high in 1941 and more than twice the greatest consumption in World War. I."

New Five-Cent Coin Is 56% Copper, 35% Silver

With nickel no longer used in the minting of the coin as a result of a request by the War Production Board, the new 5-cent piece consists of 56% copper, 35% silver and 9% manganese, according to the National Bureau of Standards of the Department of Commerce. The elimination of nickel is expected to result in a saving of 300 tons of the scarce and critical metal for use in essential war production.

The Standards Bureau's announcement further said:

"The change to the new alloy was not easy. Experts of the Philadelphia Mint spent months testing various alloys and combinations. Many requirements had to be met. The new 5-cent coin had to resemble closely the old one in color and appearance and in freedom from serious tarnish. The new alloy had to be hard enough to resist wear and to take clean-cut impressions from the dies at the Mint. The bullion value could not be more than the actual value of the coins, lest the new 'nickels' be melted down and used for other purposes.

"At one time WPB officials thought a sufficient quantity of stainless steel could be released to meet the need. This would have been an ideal solution of the problem, but war developments made it necessary to withdraw the offer. Mrs. Nellie Tayloe Ross, Director of the Bureau of the Mint, and her associates had to resume their experiments with different alloys.

"Among other requirements, the new coins must work properly in vending machines. This proved troublesome and the National Bureau of Standards was called in to help find a solution. Vending machines are protected by various devices so they cannot be operated with slugs. Consequently it was necessary to find a new alloy that would match within limits the electrical conductivity, the magnetic permeability, the resilience and the weight of the old nickel.

"Samples of various alloys were prepared, analyzed and tested until a satisfactory combination was evolved. Sample coin-selector mechanisms were obtained from eight manufacturers and subjected to numerous tests.

"Although the Bureau of the Mint would have preferred a simple, binary alloy, such as copper-silver, scientific tests immediately showed that such coins would invariably be rejected by vending machines, because of low electrical resistance."

President Thanks Nation For Paralysis Funds

President Roosevelt's 61st birthday on Jan. 30 was celebrated throughout the country by the customary series of dances and parties, the proceeds of which go to raise funds for the fight against infantile paralysis. Since the President had not yet returned to Washington from the Casablanca conference, his message of thanks to the contributors was read in a broadcast from the White House by Mrs. Roosevelt. The message follows:

"Please tell all of those who are helping so much in the great fight against infantile paralysis that, even though the visits I have been making in certain distant parts prevent my return to the capital today, they are giving me once again a truly happy birthday.

"Tonight we are waging two wars, both in the service of humanity and both of them headed for victory."

This was the tenth time the President's birthday has been the occasion for a series of birthday balls, March-of-dimes campaigns and similar drives to raise funds for combating the malady with which Mr. Roosevelt himself was stricken two decades ago.

Half the proceeds from the affairs go to the National Foundation for Infantile Paralysis and half remain in the locality where the funds were raised.

The President celebrated his birthday on Jan. 30 aboard a Pan American clipper plane flying 8,000 feet above Haiti, he told his press conference at Washington on Feb. 3, according to special advices to the New York "Times," which also stated that the President cut the cake and served it to his traveling companions, who included Admiral Leahy, Harry L. Hopkins, Rear Admiral McIntire, and others.

Iraq Joins United Nations

Formal adherence of Iraq to the Declaration by the United Nations has been welcomed by Secretary of State Hull in an exchange of notes with Ali Jawdat al-Ayoubi, Minister to Washington.

Iraq declared war on the Axis Powers on Jan. 16; this was noted in our issue of Jan. 28, page 375.

In his note, dated Jan. 16, the Iraq Minister said that his Government desired "to subscribe more concretely to the common program of purposes and principles embodied in the Atlantic Charter, since they 'coincide with the aspirations of the people of Iraq,' and that it desired 'to make its contribution in the struggle against the common enemy'."

In welcoming Iraq into the ranks of the United Nations, on behalf of the United States which is depository for the Declaration, Secretary Hull on Jan. 22 said:

"It is very gratifying that Iraq is taking a position at the side of the freedom-loving nations which have pledged themselves to employ their full resources in the struggle against the powers seeking to dominate the world. On behalf of the Government of the United States, as depository for the Declaration, I take great pleasure in welcoming Iraq into the ranks of the United Nations."

Moody's Daily Commodity Index

Tuesday, Feb. 2	245.0
Wednesday, Feb. 3	244.5
Thursday, Feb. 4	245.0
Friday, Feb. 5	244.3
Saturday, Feb. 6	244.9
Monday, Feb. 8	244.8
Tuesday, Feb. 9	244.5
Two weeks ago, Jan. 26	244.2
Month ago, Jan. 9	242.7
Year ago, Feb. 9	226.5
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, Feb. 1	245.4
Low, Jan. 2	240.3

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on Feb. 8 that as of the close of business Jan. 30, there were 1,132 bond issues aggregating $72,880,365,437 par value listed on the Stock Exchange with a total market value of $71,038,674,932. This compares with 1,136 bond issues, aggregating $72,992,873,380 par value, with a total market value of $70,583,644,622 on Dec. 31, 1942.

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

Group—	Jan. 30, 1943 Market Value $	Jan. 30, 1943 Average Price $	Dec. 31, 1942 Market Value $	Dec. 31, 1942 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	55,170,520,688	104.29	55,074,485,435	104.12
U. S. companies:				
Amusements	38,281,254	102.51	37,878,457	101.43
Automobile	11,094,151	101.21	12,146,414	101.12
Building	13,166,896	97.48	12,842,163	95.07
Business and office equipment	15,431,250	102.88	15,300,000	102.00
Chemical	75,635,725	102.07	75,818,063	102.31
Electrical equipment	36,318,750	103.77	36,287,500	103.68
Financial	57,492,936	102.10	57,133,708	101.46
Food	235,360,219	104.73	233,443,537	103.87
Land and realty	[illegible]	74.38	9,628,428	71.66
Machinery and metals	39,605,903	100.14	40,157,285	100.16
Mining (excluding iron)	88,117,086	56.85	90,915,294	58.61
Paper and publishing	40,729,173	100.94	40,897,316	100.18
Petroleum	594,438,716	103.79	592,015,693	103.33
Railroad	6,820,418,100	67.05	6,577,910,560	64.11
Retail merchandising	12,107,994	84.56	12,252,188	82.96
Rubber	75,475,333	103.00	74,229,635	101.30
Ship building and operating	11,529,360	100.50	11,615,400	101.25
Shipping services	19,436,045	70.64	18,323,684	66.39
Steel, iron and coke	503,097,510	100.26	504,745,759	99.67
Textiles	37,560,510	103.33	37,210,510	102.37
Tobacco	147,326,648	105.64	146,264,243	104.88
Utilities:				
Gas and electric (operating)	3,330,813,597	107.86	3,321,566,691	107.11
Gas and electric (holding)	96,467,875	101.20	94,566,375	99.20
Communications	[illegible]	108.31	1,199,519,670	106.90
Miscellaneous utilities	87,821,009	60.11	85,624,662	58.55
U. S. companies oper. abroad	122,941,999	67.77	117,882,813	64.98
Miscellaneous businesses	31,382,643	105.66	30,910,730	104.07
Total U. S. companies	13,767,991,138	81.33	13,487,086,784	79.17
Foreign government	1,364,153,547	62.26	1,304,302,478	59.31
Foreign companies	736,009,559	85.80	717,769,925	83.52
All listed bonds	71,038,674,932	97.47	70,583,644,622	96.70

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

1940—	Market Value $	Average Price $	1942—	Market Value $	Average Price $
Dec. 31	50,831,283,315	93.84	Jan. 31	56,261,398,371	95.24
1941—			Feb. 28	57,584,410,504	95.13
Jan. 31	50,374,446,095	93.05	Mar. 31	58,140,382,211	95.97
Feb. 28	50,277,456,796	92.72	Apr. 30	57,923,553,616	95.63
Mar. 31	52,252,053,607	93.73	May 29	59,257,509,674	95.64
Apr. 30	52,518,036,554	94.32	June 30	59,112,072,945	95.50
May 30	52,321,710,056	94.22	July 31	61,277,620,583	95.76
June 30	53,237,234,699	94.80	Aug. 31	62,720,371,752	96.08
July 31	53,259,696,637	95.04	Sept. 30	62,765,776,218	96.18
Aug. 30	53,216,867,646	94.86	Oct. 31	64,843,877,284	96.48
Sept. 30	53,418,055,935	94.74	Nov. 30	64,543,971,299	96.11
Oct. 31	55,106,635,894	95.25	Dec. 31	70,583,644,622	96.70
Nov. 29	54,812,793,945	94.80	1943—		
Dec. 31	55,033,616,312	94.50	Jan. 30	71,038,674,932	97.47

Chicago Reserve Bank Net $1,197,161 In '42

The Federal Reserve Bank of Chicago reports for the calendar year 1942 net earnings of $1,197,161, as compared with $1,024,465 in the previous year. Total earnings for the year just ended were $6,590,508, against $5,089,095 in 1941. Operating expenses in 1942 were $4,186,456 and total net expenses $5,177,403, leaving current net earnings at $1,413,105. In 1941 operating expenses amounted to $3,581,893, total net expenses were $4,227,533 and current net earnings of $861,561.

The Chicago Reserve Bank's earnings and expenses statement for 1942 follows:

(Figures In Dollars)			
Earnings			6,590,508.20
Operating Expenses		4,186,455.57	
Assessment for Board of Governors	213,773.02		
Cost of Federal reserve currency	777,174.36	990,947.38	
Total net expenses			5,177,402.95
Current net earnings			1,413,105.25
Additions to current net earnings:			
Profit on sales of U. S. Government securities		378,310.71	
Other additions		8,538.17	
Total additions to current net earnings			386,848.88
Total current net earnings and additions to current net earnings			1,799,954.13
Deductions from current net earnings:			
Reserves for losses on industrial advances		10,000.00	
Retirement system (interest base adjustment)		592,793.00	
Total deductions from current net earnings			602,793.00
Net earnings			1,197,161.13
Distribution of net earnings:			
Paid United States Treasury (section 13B)			4,021.06
Dividends paid			955,507.94
Transferred to surplus (section 7)			237,632.13
			1,197,161.13

In its statement of condition as of Dec. 31, 1942, the Reserve Bank reported total assets of $4,753,969,031, compared with resources of $3,962,603,505 at the end of 1941. Total deposits in the current statement are given as $2,086,924,359, consisting of $1,925,895,804 in the member bank-reserve account, $71,445,226 in the U. S. Treasurer-general account, and $89,583,329 of other deposits. Other liabilities included $2,419,593,470 of Federal Reserve notes in actual circulation and $49,341,867 in the capital account.

Treasury Releases Income Data For 1940

Secretary of the Treasury Morgenthau has made public the first of a series of tabulations in advance of the report "Statistics of Income for 1940, Part 2, Compiled from Corporation Income, Declared Value Excess-profits, and Defense Tax Returns and Personal Holding Company Returns," prepared under the direction of Commissioner of Internal Revenue Guy T. Helvering. The advices state:

"The number of corporation income, declared value excess-profits, and defense tax returns for 1940 is 516,783, of which 220,977 show net income of $11,203,223,957, while 252,065 show a deficit of $2,283,795,190, and 43,741 have no income data (inactive corporations). The income tax is $2,144,291,692, and the declared value excess-profits tax is $30,743,550.

"The increase or decrease, 1940 over 1939, in the number of returns, net income, deficit, and tax, follows:

CORPORATION RETURNS: 1940 AND 1939, NUMBER OF RETURNS, NET INCOME, DEFICIT, AND TAX

(Money figures in thousands of dollars)

	1940	1939	Increase or decrease (—) Number or amount	Per Cent
Number of returns	516,783	515,960	823	.16
*Returns with net income:				
Number of returns	220,977	199,479	21,498	10.78
*Net income	11,203,224	8,826,713	2,376,511	26.92
Tax liability:				
Income tax	†2,144,292	1,216,450	927,841	76.27
Declared value excess-profits tax	‡30,744	15,806	14,938	94.51
*Returns with no net income:				
Number of returns	252,065	270,138	—18,073	—6.69
*Deficit	2,283,795	2,092,148	191,648	9.16
Returns of inactive corporations	43,741	46,343	—2,602	—5.61

*"Net income" or "Deficit," for 1940, is the amount reported for declared value excess-profits tax computation adjusted by excluding net operating loss deduction; for 1939, is the amount reported for declared value excess-profits tax computation and is the difference between "Total income" and "Total deductions."

†Includes income defense tax. ‡Includes declared value excess-profits defense tax.

Electric Output For Week Ended Feb. 6, 1943 Shows 14.0% 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 Feb. 6, 1943, was approximately 3,960,242,000 kwh., compared with 3,474,638,000 kwh. in the corresponding week last year, an increase of 14.0%. The output for the week ended Jan. 30, 1943, was 14.7% in excess of the similar period in 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Feb. 6	Jan. 30	Jan. 23	Jan 16
New England	3.1	3.6	7.0	3.7
Middle Atlantic	5.1	7.7	9.6	7.1
Central Industrial	11.8	12.2	12.6	12.2
West Central	15.0	15.6	14.3	12.4
Southern States	20.4	20.1	21.2	21.4
Rocky Mountain	12.3	13.8	11.0	13.5
Pacific Coast	29.9	29.6	30.6	29.0
Total United States	14.0	14.7	15.5	14.5

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Nov 7	3,761,961	3,368,690	+11.7	2,858,054	1,520,730	1,798,164
Nov 14	3,775,878	3,347,893	+12.8	2,889,937	1,531,584	1,793,584
Nov 21	3,795,361	3,247,938	+16.9	2,839,421	1,475,268	1,818,169
Nov 28	3,766,381	3,339,364	+12.8	2,931,877	1,510,337	1,718,002
Dec 5	3,883,534	3,414,844	+13.7	2,975,704	1,518,922	1,806,225
Dec 12	3,937,524	3,475,919	+13.3	3,003,543	1,563,384	1,840,863
Dec 19	3,975,873	3,495,140	+13.8	3,052,419	1,554,473	1,860,02[illegible]
Dec 26	3,655,926	3,234,128	+13.0	2,757,259	1,414,710	1,637,683

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Jan 2	3,779,993	3,288,685	+14.9	2,845,727	1,619,265	1,542,000
Jan 9	3,952,587	3,472,579	+13.8	3,002,454	1,602,482	1,733,810
Jan 16	3,952,479	3,450,468	+14.5	3,012,638	1,598,201	1,736,729
Jan 23	3,974,202	3,440,163	+15.5	2,996,155	1,588,967	1,717,315
Jan 30	3,976,844	3,468,193	+14.7	2,994,047	1,588,853	1,728,203
Feb 6	3,960,242	3,474,638	+14.0	2,989,392	1,578,817	1,726,161
Feb 13		3,421,639		2,976,478	1,545,459	1,718,304
Feb 20		3,423,589		2,985,585	1,512,158	1,699,250
Feb 27		3,409,907		2,993,253	1,519,679	1,706,719

Consumer Credit Outstanding Down 36% In '42

The Board of Governors of the Federal Reserve System reported on Jan. 30 that the volume of consumer credit outstanding at the end of 1942 was $6,100,000,000, reflecting a decline of $3,400,000,000, or 36%, for the year. The decline of about $10,000,000 in December was much less than the recently prevailing rate of nearly $300,000,000 per month, but when allowance is made for usual seasonal influences this decrease is not out of line, the Board pointed out.

The Reserve Board's announcement continued:

"A large part of the decline of $3,400,000,000 in consumer credit during 1942 was due to the decrease of about $1,500,000,000 in automotive sale credit, but substantial liquidation has occurred in all the important types of consumer indebtedness. Aside from the virtual disappearance of new car business and greatly curtailed sales of used cars, the dominant factor in the instalment sales credit field has been the substantial reduction of maturities. New loans and new sale debts continue to be incurred, although at a reduced rate, but under present conditions these obligations are paid off at a much faster rate and therefore the volume of outstandings has been reduced rapidly.

"Although Christmas buying was heavy, the rise in consumer credit based on the purchase of goods was less than has been usual in previous years. Charge accounts increased by $120,000,000 and instalment credit for the purchase of commodities other than automobiles increased by about $20,000,000. These additions to consumer credit were offset by a decrease of nearly $90,000,000 in automotive instalment credit and a decline of more than half that amount in instalment loans. At the year end automotive sale credit outstanding was estimated to be about $500,000,000.

"In the field of instalment loans, December loan volume was above that of other recent months, but current repayments remained high with the result that loans outstanding declined by more than $50,000,000 or nearly 4% from the end of November."

CONSUMER CREDIT OUTSTANDING

(Short-term credit. In millions of dollars. Figures estimated)

	12-31 1942	Increase or decrease from: 11-30 1942	12-31 1941
*Total consumer credit	6,090	—13	—3,422
Instalment sale credit:			
Automotive	496	—87	—1,446
Other	1,019	+17	786
†Instalment loans	1,428	—53	— 746
Charge accounts	1,450	+120	— 333
Single-payment loans	1,065	—10	— 135

*Includes service credit not shown separately.

†Includes repair and modernization loans.

The Board noted that these figures of consumer credit outstanding will be released each month in the future.

President Praises Boy Scout Movement

In a message of greetings to the Boy Scouts of America on their 33rd anniversary, President Roosevelt on Feb. 7, urged that scouting be "maintained at its full strength and effectiveness as a practical contribution to the war effort." The President reported that more than 327 of the service men who have been decorated for heroism had been scouts.

Mr. Roosevelt's message made public by Dr. Elbert K. Fretwell, chief Scout executive, follows:

"Fellow Scouts and Scouters:

"Today, with the nation at war, we observe the 33rd birthday of the Boy Scouts of America. The job of winning the war and assuring a decent and lasting peace is the concern of every American.

"I heartily approve the slogan adopted for the Boy Scouts for 1943 — to 'toughen up, buckle down, carry on to victory.' I am informed that to date more than 327 of those who have been decorated for heroism by our country have been identified as having had scout training.

"The leaders of our armed forces in training camps and on the battle fronts have emphasized the value of scout training in developing knowledge and skill, as well as courage, self-reliance, resourcefulness and initiative which are proving to be so essential in our determination to win the war.

"I have always been a staunch believer in scouting, and now, in time of war, as your Honorary President, I urge every one connected with scouting, boys and men to see to it that scouting is maintained at its full strength and effectiveness as a practical contribution to the war effort.

"Certainly those who help to make boys physically strong, mentally awake and morally straight in these times deserve the appreciation of all who are leaders in America. I am confident that full cooperation will be accorded leaders of the Boy Scouts of America, who are dealing with a most important aspect of our manpower problem.

"So I bring greetings on this the 33rd birthday to all the members of the Boy Scouts of America and say:

"Reach out and make it possible for every boy who wants to be a Cub or a Scout to have a meeting place and the necessary leadership as a service to your country. Carry on! Make your slogan for 1943—'Toughen up, buckle down, carry on to victory'—a definite and vital part of all of your activities."

Phila. Reserve Bank Earnings Increased

Earnings of the Federal Reserve Bank of Philadelphia for the year ended Dec. 31, 1942, were $1,238,654, compared with $821,911 in the previous year. Total earnings before the deduction of expenses were $4,174,302 in 1942, compared with $3,344,162 in previous year. Current net earnings reported for 1942 were $1,218,076, compared with $698,465 in preceding year.

The following was also reported in the Philadelphia "Inquirer":

The additions to current net earnings for 1942, including $276,774 arising from profits on sales of U. S. Government securities were $435,226, whereas in 1941 additions to current net earnings were $126,688 including $110,404 profits on sales of U. S. Government securities. In 1942 $150,000 was transferred from reserves which were in excess of requirements, compared with $2,475 in 1941.

Distribution of the $1,238,654 net earnings for 1942 was as follows — paid to U. S. Treasury, $32,097; dividends to member banks, $707,874; transferred to surplus, $498,682.

Daily Average Crude Oil Production For Week Ended Jan. 30, 1943 Off 22,600 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Jan. 30, 1943 was 3,826,400 barrels, a decline of 22,600 barrels from the preceding week. It was also 44,950 barrels per day less than during the corresponding period last year and 297,800 barrels below the daily average figure for the month of January, 1943, as recommended by the Office of Petroleum Administration for War. Daily production for the four weeks ended Jan. 30, 1943 averaged 3,826,500 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,698,000 barrels of crude oil daily and produced 10,339,000 barrels of gasoline; 3,888,000 barrels of distillate fuel oil, and 7,452,000 barrels of residual fuel oil during the week ended Jan. 30, 1943; and had in storage at the end of that week 88,830,000 barrels of gasoline; 37,057,000 barrels of distillate fuels and 70,763,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P.A.W. Recommendations January	*State Allowables Beginning Jan. 1	—Actual Production— Week Ended Jan. 30 1943	Change From Previous Week	4 Weeks Ended Jan. 30 1943	Week Ended Jan. 31 1942
Oklahoma	400,600	400,600	†347,750	+ 1,100	347,900	408,850
Kansas	310,000	310,000	†291,800	—15,700	291,350	251,200
Nebraska	3,400	------	†2,350	— 100	2,550	5,250
Panhandle Texas			88,400	----	88,350	75,500
North Texas			136,700	----	136,450	144,350
West Texas			201,100	----	200,700	242,450
East Central Texas			101,600	----	101,600	80,000
East Texas			327,600	----	327,600	291,000
Southwest Texas			166,700	----	166,500	186,550
Coastal Texas			308,800	----	308,650	250,150
Total Texas	1,426,800	‡1,426,843	1,330.900	----	1,329,850	1,270,000
North Louisiana			91,850	+ 1,350	91,950	81,000
Coastal Louisiana			247,700	----	247,400	285,800
Total Louisiana	347,500	359,500	339,550	+ 1,350	339,350	366,800
Arkansas	78,300	74,826	74,900	— 150	75,050	74,500
Mississippi	50,000		†55,300	— 2,200	58,900	79,750
Illinois	272,600		229,550	—10,500	238,950	370,000
Indiana	17,200		†16,600	+ 2,250	15,750	20,750
Eastern (Not incl. Ill. & Ind.)	107,600		94,500	+ 4,300	90,500	100,800
Michigan	63,700		60,800	+ 1,900	59,700	51,300
Wyoming	94,500		89,950	+ 4,650	86.900	89,050
Montana	24,700		22,300	— 150	22,450	20,800
Colorado	7,000		6,350	— 50	6,450	6,650
New Mexico	105,300	105,300	98,300	----	97,000	119,350
Total East of Calif.	3,309,200		3,060,900	—13,300	3,062,650	3,325,050
California	815,000	§815,000	765,500	— 9,300	773,850	636,300
Total United States	4,124,200		3,826,400	—22,600	3,826,500	3,871,350

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in October, 1942, as follows: Oklahoma, 30,000; Kansas, 5,200; Texas, 103,700; Louisiana, 20,500; Arkansas, 3,000; Illinois, 10,300; Eastern (not including Illinois and Indiana), 10,400; Michigan, 100; Wyoming, 2,600; Montana, 300; New Mexico, 5,700; California, 42,200.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Jan. 27.

‡This is the net basic allowable as of Jan. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 15 days, the entire state was ordered shut down for 11 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 11 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JAN. 30, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
			Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,438	88.2	1,663	68.2	4,930	38,721	17,891	10,595
Appalachian	177	84.8	156	88.1	406	2,980	689	523
Ind., Ill., Ky.	811	85.0	740	91.2	2,173	18,094	4,751	2,574
Okla., Kansas, Mo.	416	80.1	353	84.9	1,103	7,339	1,508	1,329
Rocky Mountain	147	48.0	99	67.3	326	1,864	368	558
California	817	89.9	687	84.1	1,401	19,832	11,850	55,179
Tot. U. S. B. of M. basis Jan. 30, 1943	4,806	85.9	3,698	76.9	10,339	†88,830	37,057	70,763
Tot. U. S. B. of M. basis Jan. 23, 1943	4,806	85.9	3,615	75.2	10,291	87,102	38,034	71,216
U. S. Bur. of Mines basis Jan. 31, 1942			3,842		13,292	100,864	41,012	89,822

*At the request of the Petroleum Administration for War. †Finished, 78,884,000 bbls.; unfinished, 9,946,000 bbls. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 3,888,000 bbls. of gas oil and distillate fuel and 7,452,000 bbls. of residual fuel oil produced during the week ended Jan. 30, 1943, which compares with 4,006,000 bbls. and 7,316,000 bbls., respectively, in the preceding week, and 3,817,000 bbls. and 6,640,000 bbls., respectively, in the week ended Jan. 31, 1942.

Engineering Construction $81,796,000 for Week Volume Almost Double Last Week's Total

Engineering construction volume for the week totals $87,796,000, an increase of 95% over the preceding week,, but 49% below the corresponding 1942 week as reported by "Engineering News-Record" on Feb. 4. Private construction climbs to its highest weekly volume since last October and is 160% above a week ago. It is, however, 52% lower than a year ago. Public construction is up 88% compared with last week, but is 49% under the 1942 week. Federal work tops the preceding week by 92%, while declining 46% from last year. The report added:

The current week's total brings 1943 volume to $308,622,000, an average of $61,724,000 for each of the 5 weeks. On the weekly average basis, 1943 construction is 53% below that reported for the 6-week period in 1942. Private work is 57% lower, and public construction is down 53% from a year ago, when adjusted for the difference in the number of weeks reported.

Construction volumes for the 1942 week, last week and the current week are:

	Feb. 5, '42	Jan. 28, '43	Feb. 4, '43
Total Construction	$161,090,000	$41,855,000	$81,796,000
Private Construction	21,647,000	4,018,000	10,440,000
Public Construction	139,443,000	37,837,000	71,356,000
State and Municipal	9,543,000	1,349,000	1,354,000
Federal	129,900,000	36,448,000	70,002,000

In the classified construction groups gains over last week are in sewerage, industrial buildings, public buildings, and unclassified construction. All classes of work are below their respective totals for the corresponding week last year. Subtotals for the week in each class of construction are: waterworks, $675,000; sewerage, $578,000; bridges, $26,000; industrial buildings, $8,410,000; commercial buildings and large-scale private housing, $1,900,000; public buildings, $47,400,000; earthwork and drainage, $347,000; streets and roads, $1,-895,000; and unclassified construction, $20,565,000.

New capital for construction purposes for the week totals $908,-000, entirely State and municipal bond sales. This compares with $2,424,000 reported for the week last year.

New construction financing for the year to date, $5,406,000, includes $3,906,000 in State and municipal bonds, and $1,500,000 in RFC loans for industrial expansion.

Non-Ferrous Metals—Allotments For Second Quarter Made By CMP—Magnesium Price Set

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Feb. 4, stated: "First allotments of aluminum, copper, and alloy steels under the new Controlled Materials Plan were made on schedule, the War Production Board announced Feb. 2. During the second quarter of 1943, the various claimant agencies will obtain about 600,000,000 pounds of aluminum, some 600,000 tons of copper, and 17,000,000 tons of carbon and alloy steel. Details on how the metals will be distributed were withheld. In reference to prices, OPA last week established a ceiling price for magnesium. The maximum price conforms with the current market quotation of the leading producer." The publication further went on to say in part:

Copper

The large tonnage of copper allocated for the second quarter (200,000 tons a month, made up of domestic, imported, and reclaimed copper) was about in line with expectations. Approximately 75% of total requirements will be supplied by producers of new copper.

Prices continued unchanged. Domestic consumers are obtaining copper on the basis of 12¢, Valley, and foreign metal is coming into the country at the equivalent of 11.75¢, f.a.s. United States ports.

Lead

Sales of common lead for the last week were below those for the week previous. February's needs are more than one-half covered, with consumers slow about taking on March metal.

Orders with a preference rating of A-1-j or higher are no longer exempted from the restrictions imposed by conservation order M-38-C, WPB has ruled. With increasing assignment of ratings in the AA series, the lower rating no longer necessarily represents a vital war use.

OPA has fixed ceiling prices for lead-arsenate. This was done to halt an inflationary price rise, it was stated.

Zinc

With consumption in non-essentials down to a minimum, zinc producers in some instances find that they have fair tonnages on hand that will probably go into the Government's reserve. WPB continues to view the zinc situation as "tight," because of uncertainty about zinc concentrate supplies for this country's enlarged smelting capacity. Prime Western zinc was unchanged at 8¼¢, St. Louis.

Magnesium

The OPA on Jan. 30 announced maximum base prices for virgin magnesium ingot and alloys. The ceiling prices are in line with the recently reduced schedule that established the quotation of the leading interest for ingot at 20½¢ a pound, retroactive to Jan. 1 of the current year.

The prices, established under Maximum Price Regulation 314, effective Feb. 1, follow:

	Cents Per Lb.
Commercial ingot	20.50
Incendiary bomb alloy	23.40
50-50 Mg-Al alloy	23.75
A.S.T.M. No. 11 alloy	25.00
A.S.T.M. No. 13 alloy	25.00
All other alloys	23.00

Excepting 50-50 alloy, which was reduced 1¢ per pound, the ceiling levels represent a decline from the prices in effect during 1942 of 2¢ per pound.

OPA reports that there are only two private producers of magnesium operating in this country, one of which accounts for a small output purchased by Metals Reserve without price restriction. Other producing plants are owned by the Defense Plant Corp. and operate under various arrangements for compensation which in no case will be affected by OPA price regulations.

Tin

Exports of tin contained in tin concentrate by Bolivia amounted to 38,901 metric tons during 1942, which compares with 42,887 tons in 1941. Out of the tonnage shipped last year, Patino supplied 18,171 tons; Hochschild, 9,966 tons; Aramayo, 2,833 tons; medium producers, 4,721 tons; and small producers, 3,210 tons.

A commission has been named by United States and Bolivian authorities to study the labor situation at Bolivia's tin mines.

Production of tin at the Texas smelter continues to increase, and, except for maintaining imports of tin concentrate, the outlook for the metal under greatly restricted consumption in non-essentials is viewed as encouraging. The stock pile of concentrate is comfortable.

Prices remain unchanged. Straits quality or "Grade A" tin for future shipment was as follows:

	Feb.	March	April
Jan. 28	52.000	52.000	52.000
Jan. 29	52.000	52.000	52.000
Jan. 30	52.000	52.000	52.000
Feb. 1	52.000	52.000	52.000
Feb. 2	52.000	52.000	52.000
Feb. 3	52.000	52.000	52.000

Chinese tin, 99% grade, continued at at 51.125¢ a pound.

Quicksilver

Though some properties on the Pacific Coast have experienced a decline in output during the last week or so because of unfavorable weather conditions, other mines are said to be doing better than expected, with the result that total output for the country has not suffered. Imports are holding to a high level and the extraordinary demands of the war program are being met promptly, including Lend-Lease requirements.

The price situation in quicksilver has not changed. Nearby metal is holding at $196@$198 per flask, New York. On forward business $195 has been done.

Silver

Production of silver in Canada during November amounted to 1,-622,647 oz., making the total for the Jan.-Nov. period last year 18,-118,286 oz., according to a preliminary report by the Dominion Bureau of Statistics. Output during the first eleven months of 1941 was 18,620,625 oz.

The silver market in London during the last week was unchanged at 23½d. an ounce troy. The New York Official continued at 44¾¢ and the Treasury's price held at 35¢.

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.

Mtge. Bankers to Meet In Chicago Feb. 26-27

Based upon the views of mortgage experts, the consensus of opinion seems to be that investors in mortgages will have around 15% of their loans paid off in full in 1943, according to Charles A. Mullenix, Cleveland, President of the Mortgage Bankers Association of America. Opinions recently expressed by men of long experience in mortgage banking run from "not less than 10%" to "at least 15%" as to the amount of mortgage pay-offs. It is stated that it is agreed that higher incomes of large groups of citizens who are earning more in war industries than they ever did before is the principal reason, it is agreed. This year would then probably be the biggest in our history for paying off mortgages in full.

The subject, which was discussed at the Assosciation's New York Conference last month, is scheduled for further review at its second "War and Post-War Clinic" at the Drake Hotel, Chicago, Feb. 26 and 27.

These prepayments—as paying off mortgages in full before maturity are called—will be directly in line with the President's suggestion that during the war period citizens should use their surplus income to pay off debts, Mullenix said. Mortgage bankers heartily approve of the idea because it constitutes an important contribution toward avoiding inflation, according to Mr. Mullenix, who added:

"It must be admitted, however, that heavy prepayments mean considerable sacrifice on the part of mortgage lenders because their choice investments are thus liquidated long before maturity—with little possibility of replacing them for the duration. A mortgage loan is among the most costly banking operations to handle from the lender's standpoint and requires constant attention, supervision and servicing while outstanding. Obviously, when many of them are repaid much quicker than anticipated, the large initial expense involved often means a loss to the lender in the end.

"Contrary to what many might think, heavy prepayments cause no great joy to mortgage lenders except that they will greatly aid in the drive to hold down inflation. Mortgage bankers endorse every word of the President's advice in this regard."

President Reports On Talks At Casablanca

President Roosevelt told a special press conference on Feb. 2 that his Casablanca meeting with British Prime Minister Winston Churchill was primarily a military mission drafting 1943 plans for winning the war by forcing unconditional surrender of the Axis Powers.

The President, pointing out that the meeting was also designed to fulfill a promise he made in his annual message to Congress—that the United Nations would strike hard in Europe—reported that he and Mr. Churchill had worked out plans through their combined staffs and reached a unanimous agreement on how to fulfill that pledge.

As to other comments by the President regarding his journey, the Associated Press reported the following:

The President dwelt at some length on the situation in French North Africa, especially the political problems. He said he thought things were going along pretty well. The problem in North Africa, he said, is essentially a military one.

Mr. Roosevelt said that anyone who tried to stir up talk of disputes between Generals Charles de Gaulle and Henri Giraud, French leaders, was helping the cause of the enemy.

He volunteered the information that every effort was being made to supply modern arms for a French army under Giraud.

Mr. Roosevelt said he thought the highlight of the conference was the formal re-emphasis placed on a belief that there should be no negotiated armistice, only an unconditional surrender by the Axis.

The conferees were in complete touch with Joseph Stalin and Generalissimo Chiang Kai-shek, he added, speaking with a measure of sarcasm about suggestions which he said came from certain people that those two leaders should have been in on the parley. He directed attention to the fact that Russia is not at war with Japan and that China is so situated geographically she can do nothing in the war against Germany.

Replying to an inquiry, the President said he had heard from Stalin since the Casablanca decisions were communicated to the Russian Premier. But he would not discuss Stalin's reaction, calling it a military matter.

Hope springs eternal, he remarked when a reporter wondered whether he hoped at some future time to confer with Stalin.

Mr. Roosevelt asked reporters not to infer that anything was going wrong just because he was not making public the messages he and Stalin exchanged.

There were two highlights, Mr. Roosevelt said, of his stop on the way home to talk with President Vargas of Brazil.

One, he explained, is the greatly increased effort Brazil is making to combat submarines. The second, he said, is an agreement that the peace to come must eliminate any future threat from the African coast to the portion of this hemisphere lying closest to Africa.

After giving a word of praise to the press and radio for living up faithfully to the request of the Office of Censorship that secrecy be maintained about the movements of his party, the President noted that he never was out of touch with Washington, even while traveling by air. He placed the length of his trip at 16,965 miles.

Selected Income And Balance Sheet Items Class I Railways For November

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for class I steam railways in the United States for the month of November and the 11 months ending with November, 1942 and 1941.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for class A switching and terminal companies. The report is as follows:

	All Class I Railways			
	For the Month of November		For the 11 Months of	
Income Items—	1942	1941	1942	1941
Net ry. operat. income	$148,949,000	$68,933,015	$1,309,041,877	$918,954,295
Other income	17,591,303	13,631,186	142,472,503	137,789,962
Total income	166,540,303	82,564,201	1,451,514,380	1,056,744,257
Miscellaneous deductions from income	5,193,787	2,126,620	33,920,973	25,318,226
Income available for fixed charges	161,346,516	80,437,581	1,417,593,407	1,031,426,031
Fixed charges:				
Rent for leased roads and equipment	10,708,579	11,079,908	163,790,629	141,290,155
*Interest deductions	36,927,031	38,291,661	406,405,662	425,105,137
Other deductions	118,538	121,135	1,301,204	1,308,030
Total fixed charges	47,754,148	49,492,704	571,497,495	567,703,322
Inc. after fixed charges	113,592,368	30,944,877	846,095,912	463,722,709
Contingent charges	2,282,845	1,557,803	25,383,884	17,009,432
†Net income	111,309,523	29,387,074	820,712,028	446,713,277
Depreciation (way and structures and equip.)	21,081,585	17,980,730	228,342,391	197,707,490
Amortization of defense projects	11,020,840	1,861,862	76,731,762	4,172,420
Federal income taxes	78,814,220	8,343,898	713,080,683	168,156,938
Dividend appropriations:				
On common stock	34,016,015	51,533,759	135,910,684	134,986,391
On preferred stock	3,493,575	4,465,167	29,267,319	24,146,239
¶Ratio of income to fixed charges	3.38	1.63	2.48	1.82

	All Class I Railways Balance at End of November		Class I Railways Not in Receivership or Trusteeship Balance at End of November	
Selected Asset Items—	1942	1941	1942	1941
Investments in stocks, bonds, etc., other than those of affiliated companies	$522,091,189	$536,307,905	$499,467,843	$488,471,015
Cash	$1,120,469,559	$892,360,703	$850,549,884	$701,495,014
Temporary cash investments	693,537,086	141,619,576	598,121,309	133,450,032
Special deposits	157,172,966	229,499,435	111,306,767	170,263,516
Loans and bills receivable	989,142	1,142,676	934,707	948,263
Traffic and car-service balances (Dr.)	39,736,605	31,466,230	34,064,371	28,321,416
Net balance receivable from agents and conductors	158,171,562	77,955,776	130,141,964	64,111,391
Miscellaneous accounts receivable	412,679,174	177,078,761	326,879,940	136,759,387
Materials and supplies	508,775,912	437,309,795	408,254,956	351,680,861
Interest and dividends receivable	30,691,004	28,755,337	29,398,868	26,730,505
Rents receivable	1,623,507	1,547,600	1,119,549	1,111,397
Other current assets	15,615,833	10,409,846	10,610,102	8,912,235
Total current assets	3,139,462,350	2,029,145,735	2,501,382,417	1,623,784,017
Selected Liability Items—				
‡Funded debt maturing within six months	$150,501,187	$126,458,721	$128,102,746	$113,625,503
§Loans and bills payable	$31,687,951	$57,702,024	$1,324,750	$4,762,950
Traffic and car-service balances (Cr.)	130,740,312	61,540,579	90,276,678	45,067,346
Audited accounts and wages payable	387,518,659	315,819,130	316,831,868	256,229,284
Miscellaneous accounts payable	71,894,557	45,612,799	52,784,839	32,917,738
Interest matured unpaid	44,061,234	32,989,693	33,296,228	29,540,778
Dividends matured unpaid	9,618,596	4,510,307	9,266,335	4,157,999
Unmatured interest accrued	88,480,410	86,935,949	73,214,785	70,843,768
Unmatured dividends declared	70,223,496	52,607,675	70,223,496	52,607,675
Unmatured rents accrued	31,110,461	30,596,538	28,513,912	28,519,588
Accrued tax liability	942,873,647	348,345,417	853,819,063	311,612,552
Other current liabilities	62,901,932	44,071,918	48,423,289	31,882,488
Total current liabilities	1,871,111,255	1,080,732,029	1,577,975,243	868,142,166
Analysis of accrued tax liability:				
U. S. Government taxes	816,494,963	224,884,387	750,778,082	214,164,221
Other than U. S. Government taxes	126,378,684	123,461,030	103,040,981	97,448,331

*Represents accruals, including the amount in default. †For railways not in receivership or trusteeship the net income was as follows: November, 1942, $94,951,304; November, 1941, $32,545,962; for the eleven months ended November, 1942, $665,824,963; eleven months ended November, 1941, $430,629,686. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. ¶For railways in receivership and trusteeship the ratio was as follows: November, 1942, 2.35; November, 1941, 0.81; eleven months, 1942, 2.16; eleven months, 1941, 1.18. §Includes obligations which mature not more than two years after date of issue.

Labor Bureau's Wholesale Commodity Index Advanced 0.1% During Week Ended Jan. 30

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Feb. 4 that except for continued gains in primary market prices for fresh fruits and vegetables and for livestock, there was very little change in commodity markets during the last week of January. The Bureau's comprehensive index of prices of nearly 900 series rose 0.1% to 101.8% of the 1926 average. In the past month the index has risen 0.6% to the highest point in nearly 17 years.

The Bureau's announcement further stated:

"Farm Products and Foods—Average market prices of farm products advanced 0.4% during the week and foods rose 0.3%. Quotations for sheep ranged from about 5 to nearly 10% higher than a week ago. Cows were up more than 2% and hogs over one-half of 1%. In addition, prices were higher for cotton, peanuts and seeds. Grains declined fractionally as a result of weakening markets for barley, corn, oats, and wheat. Rye, on the contrary, advanced 5.4%.

"The advance in the foods group was largely the result of higher prices for butter in certain eastern markets, for most cereal products, citrus fruits, and for apples in the Chicago market. Seasonally lower prices were reported for eggs and corn meal prices declined.

"In the past four weeks, average prices for farm products have advanced 2% while foods have risen 0.8%.

"Lower prices for bran and middlings caused the level for cattle feed to drop 1.4%.

"Industrial Commodities—The index for the building materials group increased 0.1% because of higher prices for spruce lumber and for linseed oil. Quotations were lower for rosin and turpentine. Prices for fatty acids were slightly higher. Prices for boxboard continued to advance."

The Bureau makes the following notation:

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

The following table shows index numbers for the principal groups of commodities for the past three weeks, for Jan. 2, 1943, and Jan. 31, 1942, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups	1-30 1943	1-23 1943	1-16 1943	1-2 1943	1-31 1942	Percentage changes to Jan. 23, 1943 from— 1-23 1943	1-2 1943	1-31 1942
All commodities	*101.8	*101.7	*101.6	*101.2	95.9	+0.1	+0.6	+ 6.2
Farm products	117.7	117.2	116.6	115.4	101.3	+0.4	+2.0	+16.2
Foods	105.0	104.7	104.8	104.2	93.9	+0.3	+0.8	+11.8
Hides and leather products	118.4	118.4	118.4	118.4	115.7	0	0	+ 2.3
Textile products	96.8	96.8	96.7	96.7	93.6	0	+0.1	+ 3.4
Fuel and lighting materials	80.1	80.1	80.1	79.9	78.8	0	+0.3	+ 1.6
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.6	0	0	+ 0.3
Building materials	110.1	110.0	110.0	110.0	109.6	+0.1	+0.1	+ 0.5
Chemicals and allied products	99.5	99.5	99.5	99.5	96.7	0	0	+ 2.9
Housefurnishing goods	104.1	104.1	104.1	104.1	102.9	0	0	+ 1.2
Miscellaneous commodities	90.5	90.5	90.5	90.4	88.4	0	+0.1	+ 2.4
Raw materials	108.3	108.0	107.6	106.7	96.4	+0.3	+1.5	+12.3
Semimanufactured articles	92.5	92.5	92.5	92.5	92.0	0	0	+ 0.5
Manufactured products	*100.3	*100.3	*100.3	*100.1	96.4	0	+0.2	+ 4.0
All commodities other than farm products	*98.4	*98.4	*98.3	*98.2	94.7	0	+0.2	+ 3.9
All commodities other than farm products and foods	*96.3	*96.3	*96.3	*96.2	94.7	0	+0.1	1.7

*Preliminary.

New Capital Issues In Great Britain

The following statistics have been compiled by the Midland Bank Limited. These compilations of issues of new capital, which are subject to revision, *exclude* all borrowings by the British Government; shares issued to vendors; allotments arising from the capitalization of reserve funds and undivided profits; sales of already issued securities which add nothing to the capital resources of the company whose securities have been offered; issues for conversion or redemption of securities previously held in the United Kingdom; short-dated bills sold in anticipation of long-term borrowings; and loans of municipal and county authorities which are not specifically limited. The figures are based upon the prices of issue.

SUMMARY TABLE OF NEW CAPITAL ISSUES IN THE UNITED KINGDOM
[Compiled by the Midland Bank, Ltd.]

Year—	£	Year—	£
1919	237,541,000	1931	88,666,000
1920	384,211,000	1932	113,038,000
1921	215,795,000	1933	132,869,000
1922	235,669,000	1934	150,190,000
1923	203,760,000	1935	182,824,000
1924	223,546,000	1936	217,221,000
1925	219,897,000	1937	170,906,000
1926	253,266,000	1938	118,098,000
1927	314,714,000	1939	66,294,000
1928	362,519,000	1940	4,096,000
1929	253,749,000	1941	2,326,000
1930	236,160,000	1942	3,907,000

NEW CAPITAL ISSUES IN THE UNITED KINGDOM
[Compiled by the Midland Bank, Ltd.]

	Total £	Geographical distribution— United Kingdom £	British overseas countries £	Foreign countries £
1935	182,824,000	161,934,000	18,038,000	2,852,000
1936	217,221,000	190,808,000	23,353,000	3,060,000
1937	170,906,000	138,768,000	24,938,000	7,200,000
1938	118,098,000	92,746,000	21,284,000	4,067,000
1939	66,294,000	43,335,000	18,313,000	4,646,000
1940	4,096,000	3,544,000	357,000	195,000
1941	2,326,000	1,927,000	399,000	-----
1942	3,907,000	3,871,000	36,000	-----

January Department Store Sales

The Board of Governors of the Federal Reserve System announced on Feb. 4 that the value of department store sales declined less than seasonally from December to January and the Board's adjusted index rose to a new high level of 142% of the 1923-25 average as compared with a previous peak of 138 reached in January and November last year.

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

	Jan., 1943	Dec., 1942	Nov., 1942	Jan., 1942
Adjusted for seasonal variation	142	125	138	138
Without seasonal adjustment	111	222	157	108

Change from corresponding period a year ago (per cent)

Federal Reserve District—	One Week Ending— Jan. 30	Jan. 23	Jan. 16	Jan. 9	Four Weeks Ending— Jan. 30	Jan. 2	Nov. 28	Oct. 31
Boston	—14	— 5	— 4	+11	— 2	+11	+12	+14
New York	— 7	— 5	— 8	— 6	— 7	+ 7	+ 5	+13
Philadelphia	—13	*— 1	*— 4	*— 5	— 5	*+ 8	+ 8	+17
Cleveland	+ 5	0	— 5	+ 2	0	+ 9	+14	+18
Richmond	—16	+13	+ 1	+ 4	0	+14	+19	+16
Atlanta	+ 5	+14	+13	+23	+13	+ 9	+11	+16
Chicago	+ 4	— 6	— 5	+ 4	— 1	+10	+12	+21
St. Louis	+ 1	*+ 4	+16	+13	+ 8	+12	+14	+11
Minneapolis	†	†	†	†	+ 1	+ 9	+14	+ 7
Kansas City	+20	+28	+26	+31	+26	+24	+35	+36
Dallas	+15	*+25	+24	+24	+22	+23	+19	+22
San Francisco	+ 7	*+ 5	+24	+22	+15	+27	+32	+27
U. S. total	0	*+ 1	+ 1	+ 6	+ 2	+12	+14	+19

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

1943—		1942—	
Jan. 2	112	Jan. 3	107
Jan. 9	138	Jan. 10	130
Jan. 16	132	Jan. 17	131
Jan. 23	*119	Jan. 24	119
Jan. 30	121	Jan. 31	121

*Revised. †Not shown separately but included in United States total. ‡Monthly indexes refer to daily average sales in calendar month; January, 1943, figures estimated from weekly sales.

Market Value Of Stocks On New York Stock Exchange Higher On Jan. 30

The New York Stock Exchange announced on Feb. 5 that as of the close of business Jan. 30, there were 1,240 stock issues aggregating 1,470,369,538 shares listed on the Stock Exchange, with a total market value of $41,410,585,043. This compares with 1,238 stock issues aggregating 1,470,502,630 shares, with a total market value of $38,811,728,666 on Dec. 31, 1942, and with 1,237 stock issues aggregating 1,466,994,284 shares listed on the Exchange on Jan. 31, 1942, with a total market value of $36,228,397,999.

In making public the figures for Jan. 30, the Exchange said:

"As of the close of business Jan. 30, New York Stock Exchange member total net borrowings amounted to $331,123,834. The ratio of these member borrowings to the market value of all listed stocks on that date was, therefore, 0.80%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value."

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

	—Jan. 30, 1943—		—Dec. 31, 1942—	
Group	Market Value $	Average Price $	Market Value $	Average Price $
Amusement	348,165,032	16.43	333,093,885	15.78
Automobile	3,408,478,894	28.43	3,256,494,569	27.18
Aviation	587,815,428	17.01	544,820,141	15.77
Building	481,609,370	22.61	459,645,706	21.58
Business & office equipment	335,632,788	28.46	315,105,337	26.83
Chemical	5,737,762,160	60.22	5,527,430,016	58.01
Electrical equipment	1,457,325,498	36.30	1,315,420,939	32.76
Farm machinery	661,872,781	50.51	644,430,650	49.18
Financial	821,582,313	16.24	778,244,470	15.37
Food	2,689,695,695	28.81	2,491,358,251	26.68
Garment	41,423,097	24.75	39,807,311	23.79
Land & realty	20,272,750	4.17	18,228,024	3.75
Leather	199,323,630	23.70	186,787,592	22.21
Machinery & metals	1,447,769,259	21.14	1,317,633,713	19.24
Mining (excluding iron)	1,363,412,678	23.23	1,253,216,842	21.21
Paper & publishing	384,155,555	17.04	341,467,606	15.34
Petroleum	4,765,858,188	24.83	4,489,801,520	23.39
Railroad	3,051,314,709	26.79	2,856,542,041	25.08
Retail merchandising	2,076,660,475	28.49	1,945,432,637	26.69
Rubber	437,253,303	41.38	413,564,111	39.14
Ship building & operating	100,756,997	21.14	95,244,982	19.98
Shipping services	9,297,851	5.39	12,065,223	6.52
Steel, iron & coke	2,035,846,382	40.65	1,907,118,450	38.08
Textiles	401,609,810	28,56	380,627,116	27.05
Tobacco	1,149,550,402	42.92	1,043,332,293	38.95
Utilities:				
Gas & electric (operating)	1,834,217,063	19.82	1,673,360,240	18.08
Gas & electric (holding)	806,495,798	8.42	709,084,853	7.40
Communications	3,029,485,511	72.45	2,901,294,359	69.38
Miscellaneous	86,916,890	11.85	78,565,127	10.71
U. S. companies oper. abroad	623,740,683	18.38	577,537,831	17.02
Foreign companies	898,027,477	22.19	795,022,348	19.64
Miscellaneous businesses	117,256,576	19.98	103,950,483	18.73
All Listed Stocks	41,410,585,043	28.16	38,811,728,666	26.39

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

	Market Value $	Average Price $		Market Value $	Average Price $
1940—			1941—		
Sept. 30	41,491,698,705	28.56	Dec. 31	35,785,946,533	24.46
Oct. 31	42,673,890,518	29.38			
Nov. 30	41,848,246,961	28.72	1942—		
Dec. 31	41,890,646,959	28.80	Jan. 31	36,228,397,999	24.70
			Feb. 28	35,234,173,432	24.02
1941—			Mar. 31	32,844,183,750	22.36
Jan. 31	40,279,504,457	27.68	Apr. 30	31,449,206,904	21.41
Feb. 28	39,398,228,749	27.08	May 29	32,913,725,225	22.40
Mar. 31	39,696,269,155	27.24	June 30	33,419,047,743	22.73
Apr. 30	37,710,958,708	25.78	July 31	34,443,805,860	23.42
May 31	37,815,306,034	25.84	Aug. 31	34,871,607,323	23.70
June 30	39,607,836,569	27.07	Sept. 30	35,604,809,453	24.20
July 31	41,654,256,215	28.46	Oct. 31	37,727,599,526	25.65
Aug. 30	41,472,032,904	28.32	Nov. 30	37,374,462,460	25.41
Sept. 30	40,984,419,434	28.02	Dec. 31	38,811,728,666	26.39
Oct. 31	39,057,023,174	26.66	1943—		
Nov. 29	37,882,316,239	25.87	Jan. 30	41,410,585,043	28.16

National Fertilizer Association Commodity Index Advances Fractionally

The general level of commodity prices was slightly higher last week, according to the price index compiled by the National Fertilizer Association and made public on Feb. 8. In the week ended Feb. 6, 1943, this index advanced fractionally to 134.1 from 134.0 in the preceding week. A month ago it was 132.4 and a year ago 121.7, based on the 1935-1939 average as 100. The Association's report also had the following to say:

The food price average was slightly lower last week, although price changes in the group were about evenly balanced. Farm product prices were mixed. In the farm product group advances in cotton, wheat, cattle, and hogs more than offset declines in corn, rye, barley, and eggs; the net result was a small advance in the farm product index. Fractional advances also took place in the indexes representing the prices of textiles and building materials.

During the week 11 commodities advanced and seven declined; in the preceding week there were 19 advances and seven declines; in the second preceding week there were 14 advances and four declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Feb. 6, 1943	Preceding Week Jan. 30, 1943	Month Ago Jan. 2, 1943	Year Ago Feb. 7, 1942
25.3	Foods	137.5	137.8	136.3	117.3
	Fats and Oils	148.5	148.5	150.2	135.5
	Cottonseed Oil	159.0	159.0	164.7	158.7
23.0	Farm Products	151.0	150.9	147.5	131.8
	Cotton	195.6	194.6	190.5	182.3
	Grains	134.5	133.4	130.9	120.0
	Livestock	147.9	148.1	144.3	124.5
17.3	Fuels	120.0	120.0	119.3	113.3
10.8	Miscellaneous commodities	129.0	129.0	129.4	127.3
8.2	Textiles	150.6	150.4	149.6	145.9
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	151.7	151.6	151.4	132.0
1.3	Chemicals and drugs	127.6	127.6	127.6	120.1
.3	Fertilizer materials	117.6	117.6	117.6	118.0
.3	Fertilizers	115.3	115.3	115.3	114.0
.3	Farm machinery	104.1	104.1	104.1	103.5
100.0	All groups combined	134.1	134.0	132.4	121.7

*Indexes on 1926-1928 base were Feb. 6, 1943, 104.5; Jan. 30, 1943, 104.4; Feb. 7, 1942, 94.8.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Jan. 30, 1943 is estimated at 11,400,000 net tons, an increase of only 200,000 tons, or 1.8%, over the preceding week. Production in the week of Jan. 31, 1942, was estimated at 11,220,000 tons. For the year to date, output was 3.8% lower than in the corresponding period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Jan. 30, 1943, was estimated at 1,322,000 tons, an increase of 275,000 tons (26.3%) over the preceding week. When compared with the output in the corresponding week of 1942, there was an increase of 226,000 tons, or 20.6%.

The U. S. Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended Jan. 30, 1943, showed an increase of 11,500 tons when compared with the output for the week ended Jan. 23. The quantity of coke from beehive ovens increased 700 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

In Net Tons (000 omitted)

	—Week Ended—			—January 1 to Date—		
Bituminous coal and lignite—	Jan. 30, 1943	Jan. 23, 1943	Jan. 31, 1942	†Jan. 30, 1943	†Jan. 31, 1942	Jan. 30, 1937
Total, incl. mine fuel	11,400	11,200	11,220	47,029	48,906	41,438
Daily average	1,900	1,867	1,870	1,881	1,881	1,658
*Crude Petroleum—						
Coal equivalent of weekly output	6,129	6,165	6,201	26,648	29,595	22,011

*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, p. 775). †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	—Week Ended—			—Calendar Year to Date—		
Penn. anthracite—	§Jan. 30, 1943	Jan. 23, 1943	Jan. 31, 1942	Jan. 30, 1943	Jan. 31, 1942	Feb. 2, 1929
*Total, incl. colliery fuel	1,322,000	1,047,000	1,096,000	4,314,000	4,532,000	7,586,000
†Commercial production	1,269,000	1,005,000	¶1,052,000	4,141,000	¶4,351,000	7,040,000
Beehive coke—						
United States total	155,400	154,700	155,400	649,400	647,100	552,600
By-product coke—						
United States total	1,221,000	1,209,500	‡	5,198,500	‡	‡

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

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

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

	—Week Ended—					Jan.
State—	Jan. 23, 1943	Jan. 16, 1943	Jan. 24, 1942	Jan. 25, 1941	Jan. 23, 1937	avge. ¶1923
Alaska	6	6	3	6	2	**
Alabama	375	378	375	329	284	434
Arkansas and Oklahoma	89	98	92	100	107	93
Colorado	182	192	195	181	216	226
Georgia and North Carolina	1	1	1	1	1	**
Illinois	1,340	1,345	1,480	1,254	1,352	2,111
Indiana	483	510	565	479	348	659
Iowa	55	66	92	81	121	140
Kansas and Missouri	179	200	209	166	213	190
Kentucky—Eastern	935	919	806	824	726	607
Kentucky—Western	288	311	276	213	166	240
Maryland	33	29	39	36	39	55
Michigan	8	7	6	11	18	32
Montana (bituminous and lignite)	93	106	88	66	80	82
New Mexico	34	37	34	27	41	73
North and South Dakota (lignite)	71	74	44	70	68	**50
Ohio	640	694	677	495	510	814
Pennsylvania (bituminous)	2,538	2,696	2,665	2,583	2,085	3,402
Tennessee	138	143	141	144	104	133
Texas (bituminous and lignite)	10	8	10	7	16	26
Utah	127	130	124	98	111	109
Virginia	394	407	397	341	291	211
Washington	29	49	33	37	56	74
*West Virginia—Southern	2,105	2,135	1,973	1,829	1,828	1,134
†West Virginia—Northern	855	841	825	668	619	762
Wyoming	192	193	153	118	168	186
‡Other Western States	††	††	2	1	††	**7
Total bituminous and lignite	11,200	11,575	11,305	10,165	9,570	11,850
§Pennsylvania anthracite	1,047	1,007	1,265	1,304	907	1,968
Total all coal	12,247	12,582	12,570	11,469	10,477	13,818

*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, Idaho 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.

December Hotel Sales Higher

In its February bulletin, Horwath & Horwath, New York public accountants, report that December was a good month for hotels, with total sales increasing 28%. This was the largest monthly gain since early in 1934, which year scored large rises both because there had been equally large drops in the four preceding years and because that was the first year to show the benefit of repeal. For the year 1942, the firm reports, the total increase was 15%, and all of the departmental gains were the largest since 1934, while the occupancy at 73% is the highest annual figure since the compilation of these reports began. The total average room rate was up 4% over 1941.

The firm's tabulation follows:

DECEMBER, 1942, COMPARED WITH DECEMBER, 1941

	—Sales, Increase or Decrease—					Occupancy		†Room Rate
	*Total	Rooms	Total Restaurant	Food	Beverages	Dec. 1942	Dec. 1941	Increase or Decr.
New York City	+17%	+18%	+18%	+16%	+20%	78%	68%	+ 2%
Chicago	+27	+23	+32	+28	+40	75	65	+ 7
Philadelphia	+30	+50	+10	+16	+ 2	75	52	+ 4
Washington	+28	+22	+34	+30	+42	90	83	+12
Cleveland	+26	+22	+30	+34	+22	82	69	+ 3
Detroit	+29	+30	+28	+29	+28	85	69	+ 5
Pacific Coast	+50	+61	+48	+40	+60	75	52	+12
Texas	+38	+36	+42	+44	+29	86	68	+ 8
All others	+26	+26	+26	+25	+30	71	59	+ 4
Total	+28%	+29%	+28%	+27%	+32%	74%	61%	+ 5%
Year	+15%	+13%	+17%	+14%	+24%	73%	67%	+ 4%

†The term "rates" wherever used refers to the average sales per occupied room and not to scheduled rates. *Rooms and restaurant only.

"Incentive Payments" To Farmers Proposed

As part of the program of the Department of Agriculture to assist farmers in producing maximum amounts of essential war products, Secretary Wickard announced on Jan. 25 a new $100,000,000 "incentive payments" program.

The new subsidy program will effect farmers who increase plantings of soybeans, peanuts, grain sorghums, flax, sweet potatoes and dried peas.

To finance the program, Secretary Wickard said that Congress will be asked for $100,000,000 in addition to the $400,000,000 already requested in the 1942-43 Agriculture Department budget for the Soil Conservation and Domestic Allotment Act.

The Department recently announced a similar program of "incentive payments" for increased production of dried beans, white potatoes and fresh truck crops.

"The new payments really are a subsidy to consumers, not to farmers," Secretary Wickard said, explaining that "they will permit farmers to increase production without immediate higher prices."

Secretary Wickard further said:

"To get this additional production will mean that farmers will need more labor and materials—which naturally means that their production costs will go up.

"This additional assistance will be necessary also for farmers who have not had experience in growing some of these crops. The program for incentive payments is being offered to compensate farmers for added costs in achieving the increased goals."

This proposed program has been criticized by several members of Congress and by leaders of three national farm organizations and is likely to be bitterly contested when the request for funds comes before Congress.

Representative Cannon (Dem., Mo.), Chairman of the House Appropriations Committee, said on Jan. 28, that Congress had specifically barred such a subsidy program last year and stated that the Agriculture Department's announcement of plans to make these payments "is tantamount to announcement that Congress will reverse its decision and repeal the policy."

Representative Cannon added:

"It is not only an encroachment on the constitutional prerogative of the Congress, but it is a proposal to take a vast sum from the Treasury to pay a part of the cost of living of certain consumers at a time when the consumer's income is the highest in the history of the nation and when every available dollar is needed for the prosecution of the war."

Representative Taber (Rep., N. Y.), ranking minority member of the Appropriations Committee, also opposed the proposal, expressing belief that the money will not be appropriated, and Representative Hope (Rep., Kan.) ranking minority member of the Agriculture Committee, argued that increased farm production costs should be met through consumers' increased and unused purchasing power rather than "having this amount added to the public debt and loaded on the shoulders of future taxpayers."

In a joint statement issued Jan. 28, Edward J. O'Neil, President of the American Farm Bureau Federation; Albert S. Goss, Master of the National Grange, and Ezra T. Benson, Executive Secretary of the National Council of Farmer Cooperatives, said that "these payments as now projected, are nothing but subsidies disguised." "We are unalterably opposed," they said, "to the use of subsidies in lieu of a fair return in the market place."

Automobile Financing And Diversified Financing For Month Of December

The number of new passenger cars financed in December, 1942, by sales finance companies fell off 29% from the number in November of this year, according to an announcement released Jan. 30, by J. C. Capt, Director of the Census. The dollar volume of paper acquired in new passenger car financing was off 27%. The number of used passenger cars financed decreased 25%, and the dollar volume of paper acquired, 23%. Compared with the preceding month, the number of new commercial cars financed was 47% less in December and the dollar volume of paper acquired, 54%. The number of used commercial cars financed decreased 24%, while the dollar volume of paper acquired was off only 20%.

As of Dec. 31, 1942, the volume of retail automotive outstandings held by sales finance companies was 16% less than as of Nov. 30, bringing the index down to 37, compared with 149 at the end of December a year ago.

Wholesale automotive paper acquired for new passenger and new commercial cars by sales finance companies during December, 1942, declined 28% in volume from November of this year, while the volume for used passenger and used commercial cars was off only 7%. The volume of outstanding balances for this type of paper decreased 5% from Nov. 30, 1942, to Dec. 31, 1942.

For December, 1942, in retail diversified financing, month ago comparisons show increases in the financing of residential building repair and modernization (123%), industrial, commercial, and farm equipment (98%), radios and other musical instruments (36%), and furniture (30%); but decreases were recorded for other household appliances (9%), and refrigerators (29%). In wholesale diversified financing, the volume of paper acquired was down 55% from November to December of this year.

As of Dec. 31, 1942, compared with Nov. 30, 1942, the volume of diversified outstanding balances held by sales finance companies decreased 8% for the retail financing of other consumers' goods; 5% for industrial, commercial, and farm equipment; and 23% for wholesale diversified financing (other than automotive).

The ratios of the paper acquired during December, 1942, to the outstanding balances as of Dec. 31, 1942, were 3% for retail automotive, 3% for wholesale automotive, 7% for wholesale—other than automotive, 5% for retail—other consumers' goods, and 9% for industrial, commercial, and farm equipment.

These data on the current trends of sales financing during December, 1942, were based on reports from 239 sales finance companies, and the dollar volumes should not be assumed to represent the total amount of financing by all sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. The figures presented in tables below of this release are not comparable to those published for previous months since monthly reports have not been received each month from identical sales finance companies. All indexes for December were obtained by calculating the percent changes from November to December, as shown by data on reports for both months from the same sales finance companies, and by linking these percentages to the indexes previously derived for November, 1942.

AUTOMOTIVE AND DIVERSIFIED FINANCING

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

Class of Paper—	Volume of paper acquired during December, 1942: By all companies	By companies reporting outstanding balances†	Outstanding balances Dec. 31, 1942†	Ratio of paper acquired to outstand'g balances‡
Total retail automotive	$10,112,807	$9,777,091	$305,204,617	3
Total wholesale automotive	5,496,593	5,435,326	180,195,023	3
Total wholesale—other than automotive	146,930	117,638	1,763,999	7
Total retail—other consum. goods	7,349,018	7,183,520	141,338,415	5
Industrial, commercial and farm equipment	532,245	520,871	5,687,670	9
Total sales financings	$23,637,593	$23,034,446	$634,189,724	4

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

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

AUTOMOTIVE FINANCING *

Number of Cars Financed and Volume of Paper Acquired during December, 1942

Class of Paper—	Number of cars: Number	% of total	Paper acquired: Dollar Volume	% of total
Total retail automotive	23,662	100	†$9,912,859	100
New passenger cars	1,207	5	1,039,508	11
New commercial cars	79	1	98,406	1
Used passenger cars	21,568	91	8,351,179	84
Used commercial cars	808	3	423,766	4
Total wholesale automotive	----	--	†$4,976,762	100
New cars (passenger and commercial)	----	--	3,324,499	67
Used cars (passenger and commercial)	----	--	1,652,263	33

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

DIVERSIFIED FINANCING *

Volume of Paper Acquired during December, 1942

Class of Paper	Dollar Volume	% of total
Retail—other consumers' goods:		
Furniture	$442,548	8
Radios, pianos & other musical instruments	91,357	2
Refrigerators (gas and electric)	86,036	2
Other household appliances	83,566	2
Residential building repair and modernization	3,032,738	59
Miscellaneous retail	703,959	14
Total retail—other consumers' goods	†$4,440,204	87
Total wholesale—other than automotive	146,930	3
Industrial, commercial, and farm equipment	532,245	10
Total diversified financing	$5,119,379	100

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

Trading On New York Exchanges

The Securities and Exchange Commission made public Feb. 5 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 23, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan 23 (in round-lot transactions) totaled 1,328,075 shares, which amount was 15.69% of total transactions on the Exchange of 4,232,170 shares. This compares with member trading during the week ended Jan. 16 of 1,371,455 shares, or 15.14% of total trading of 4,527,440 shares. On the New York Curb Exchange, member trading during the week ended Jan. 23 amounted to 318,260 shares, or 19.07% of the total volume of that Exchange of 834,550 shares; during the Jan. 16 week trading for the account of Curb members of 275,580 shares was 17.59% of total trading of 783,460 shares.

The Commission made available the following data for the week ended Jan. 23:

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

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	945	658
1. Reports showing transactions as specialists	174	91
2. Reports showing other transactions initiated on the floor	169	30
3. Reports showing other transactions initiated off the floor	201	84
4. Reports showing no transactions	496	526

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

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

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

WEEK ENDED JANUARY 23, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	99,700	
‡Other sales	4,132,470	
Total sales	4,232,170	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	330,960	
Short sales	54,910	
‡Other sales	321,660	
Total sales	376,570	8.36
2. Other transactions initiated on the floor—		
Total purchases	169,130	
Short sales	15,800	
‡Other sales	179,330	
Total sales	195,130	4.30
3. Other transactions initiated off the floor—		
Total purchases	132,630	
Short sales	13,840	
‡Other sales	109,815	
Total sales	123,655	3.03
4. Total—		
Total purchases	632,720	
Short sales	84,550	
‡Other sales	610,805	
Total sales	695,355	15.69

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

WEEK ENDED JANUARY 23, 1943

	Total for week	†Per cent
A. Total Round-Lot Sales:		
Short sales	7,390	
‡Other sales	827,160	
Total sales	834,550	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	76,275	
Short sales	6,365	
‡Other sales	86,250	
Total sales	92,615	10.12
2. Other transactions initiated on the floor—		
Total purchases	45,455	
Short sales	400	
‡Other sales	32,350	
Total sales	32,750	4.69
3. Other transactions initiated off the floor—		
Total purchases	26,035	
Short sales	400	
‡Other sales	44,730	
Total sales	45,130	4.26
4. Total—		
Total purchases	147,765	
Short sales	7,165	
‡Other sales	163,330	
Total sales	170,495	19.07
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	30,917	
Total purchases	30,917	
Total sales	24,468	

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

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

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

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

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Feb. 5 a summary for the week ended Jan. 30 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

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

Week Ended Jan. 30, 1943

	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	18,294
Number of Shares	514,878
Dollar Value	17,008,192
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	207
*Customers' other sales	17,175
Customers' total sales	17,382
Number of Shares:	
Customers' short sales	7,081
*Customers' other sales	470,382
Customers' total sales	477,463
Dollar Value	14,119,668
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	220
†Other sales	112,470
Total sales	112,690
Round-lot Purchases by Dealers—	
Number of Shares	176,200

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

Lumber Movement—Week Ended Jan. 30, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 424 mills reporting to the National Lumber Trade Barometer exceeded production by 28.9% for the week ended Jan. 30, 1943. In the same week new orders of these mills were 56% greater than production. Unfilled order files in the reporting mills amounted to 81% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 43 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 17.4%; orders by 24.4%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 16% less; shipments were 8% less, and orders were 0.6% greater.

Pay On Porto Alegre 7s

Ladenburg, Thalmann & Co., New York, as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 7% sinking fund gold bonds external loan of 1928, that funds have been deposited with them, sufficient to make a payment in lawful currency of the United States of America, of 13.975% of the face amount of the coupons due Aug. 1, 1940, amounting to $4.89⅛ for each $35 coupon and $2.44 9/16 for each $17.50 coupon. The announcement also states:

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

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

Revenue Freight Car Loadings During Week Ended Jan. 30, 1943 Amounted To 734,582 Cars

Loading of revenue freight for the week ended Jan. 30, 1943 totaled 734,582 cars, the Association of American Railroads announced on Feb. 4. This was a decrease below the corresponding week of 1942, of 80,983 cars or 9.9%, but an increase above the same week in 1941, of 20,228 cars or 2.8%.

Loading of revenue freight for the week of Jan. 30 increased 31,004 cars or 4.4% above the preceding week.

Miscellaneous freight loading totaled 350,543 cars, an increase of 14,529 cars above the preceding week, but a decrease of 21,805 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 88,585 cars, an increase of 4,098 cars above the preceding week, but a decrease of 63,201 cars below the corresponding week in 1942.

Coal loading amounted to 169,830 cars, an increase of 5,803 cars above the preceding week, and an increase of 14,220 cars above the corresponding week in 1942.

Grain and grain products loading totaled 49,952 cars, an increase of 4,732 cars above the preceding week, and an increase of 2,323 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Jan. 30 totaled 33,628 cars, an increase of 4,011 cars above the preceding week and an increase of 1,481 cars above the corresponding week in 1942.

Live stock loading amounted to 13,322 cars, an increase of 1,856 cars above the preceding week, and an increase of 1,805 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of Jan. 30 totaled 9,669 cars, an increase of 1,767 cars above the preceding week and an increase of 1,190 cars above the corresponding week in 1942.

Forest products loading totaled 32,617 cars, a decrease of 1,052 cars below the preceding week and a decrease of 16,147 cars below the corresponding week in 1942.

Ore loading amounted to 14,540 cars, an increase of 981 cars above the preceding week and an increase of 1,198 cars above the corresponding week in 1942.

Coke loading amounted to 15,193 cars, an increase of 57 cars above the preceding week, and an increase of 624 cars above the corresponding week in 1942.

All districts reported decreases compared with the corresponding week in 1942, except the Pocahontas and Southwestern, but all districts reported increases above the corresponding week in 1941 except the Eastern and Northwestern.

	1943	1942	1941
Week of Jan. 2	621,048	676,534	614,171
Week of Jan. 9	716,272	736,972	711,635
Week of Jan. 16	755,369	811,327	703,497
Week of Jan. 23	703,578	818,081	710,752
Week of Jan. 30	734,582	815,565	714,354
Total	3,530,849	3,858,479	3,454,409

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Jan. 30, 1943. During this period only 32 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JAN. 30

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	268	668	570	1,296	1,618
Bangor & Aroostock	2,548	1,884	2,114	153	213
Boston & Maine	5,790	8,924	7,860	14,542	13.563
Chicago, Indianapolis & Louisville	1,400	1,470	1,466	2,102	2,448
Central Indiana	31	35	16	57	72
Central Vermont	912	1,184	1,297	2,205	2,230
Delaware & Hudson	6,506	5,927	6,748	11,148	11.223
Delaware, Lackawanna & Western	7,603	9,057	9,373	11,061	9,919
Detroit & Mackinac	267	237	233	113	154
Detroit, Toledo & Ironton	1,891	2,818	3,108	2,019	1,824
Detroit & Toledo Shore Line	303	301	377	2,858	4,454
Erie	12.185	14,548	13,612	17,511	15.920
Grand Trunk Western	3,545	5,289	5,494	9,153	8,961
Lehigh & Hudson River	149	207	144	2,650	3,163
Lehigh & New England	1,776	1,634	1,601	1,553	1,671
Lehigh Valley	8,095	9 496	9,232	11,338	9,900
Maine Central	2.588	3,511	3,496	4,031	3,523
Monongahela	5,955	6,201	4,836	416	440
Montour	2,636	2,093	1,883	26	32
New York Central Lines	44.945	48.637	44.805	54,520	51,323
N. Y., N. H. & Hartford	8,375	12,708	10,901	16,899	16,972
New York, Ontario & Western	891	1,023	1,082	2,872	2,425
New York, Chicago & St. Louis	7,220	6,501	5,381	15,566	14.812
N. Y., Susquehanna & Western	449	575	435	1,581	1,518
Pittsburgh & Lake Erie	7.900	8,287	7.923	8,019	7,521
Pere Marquette	4,748	6,148	6,128	7,478	6,809
Pittsburg & Shawmut	715	584	509	14	66
Pittsburg, Shawmut & North	335	443	393	191	330
Pittsburgh & West Virginia	933	923	774	3,583	2,186
Rutland	303	553	529	1,045	1.147
Wabash	5,689	6,094	5,603	12,513	12 050
Wheeling & Lake Erie	4,853	4,840	4,101	6,214	4.283
Total	151,804	172.850	162.024	224,727	312,770
Allegheny District—					
Akron, Canton & Youngstown	713	728	529	1,174	1,058
Baltimore & Ohio	36,234	39.499	33,840	27,595	23,302
Bessemer & Lake Erie	3,046	3.141	2,800	1,873	1,458
Buffalo Creek & Gauley	385	361	303	4	6
Cambria & Indiana	1,714	1,897	1,926	7	14
Central R. R. of New Jersey	6,285	8,027	6,827	19,907	17,315
Cornwall	465	693	591	71	65
Cumberland & Pennsylvania	204	314	314	7	22
Ligonier Valley	125	143	171	52	52
Long Island	1,009	923	661	3,082	3,371
Penn-Reading Seashore Lines	1,316	1,754	1,235	2,236	2,011
Pennsylvania System	71,832	81,744	69,667	57,746	57,142
Reading Co.	13,556	16,643	15,886	28,352	24,887
Union (Pittsburgh)	20.288	20,849	19,703	5,041	3 692
Western Maryland	3,437	4,102	3.525	13,364	9,600
Total	160.609	180.823	157.978	160,511	143.995
Pocahontas District—					
Chesapeake & Ohio	25,345	24.581	22.491	10,425	10.517
Norfolk & Western	21,234	21.209	21,674	6,645	6,323
Virginian	4,424	4,125	4,549	1,874	1,924
Total	51,003	49.915	48.704	18.944	18,764
Southern District—					
Alabama, Tennessee & Northern	361	413	344	393	331
Atl. & W. P.—W. R. R. of Ala.	661	958	786	2,930	2,116
Atlanta, Birmingham & Coast	637	784	676	1,412	1,081
Atlantic Coast Line	14,472	12,916	11,484	11,318	7,993
Central of Georgia	3,754	4,605	5,263	4,494	4,087
Charleston & Western Carolina	416	400	449	1,607	1,732
Clinchfield	1,669	1,695	1,599	2,737	2,923
Columbus & Greenville	320	335	294	260	308
Durham & Southern	91	194	184	312	999
Florida East Coast	2,966	1,344	955	1,689	1,192
Gainesville Midland	36	42	31	92	107
Georgia	1,291	1,571	1,181	3,049	2,537
Georgia & Florida	356	467	341	519	772
Gulf, Mobile & Ohio	3,452	4,623	3,559	5,401	3,797
Illinois Central System	26,882	29,714	22,323	19,072	15.248
Louisville & Nashville	23,299	24,447	23,616	10,893	8,955
Macon, Dublin & Savannah	169	218	153	904	777
Mississippi Central	171	168	151	427	638
Nashville, Chattanooga & St. L.	2,887	3,726	3,011	4,829	3.809
Norfolk Southern	1,125	1,316	1,167	1,538	1.309
Piedmont Northern	339	514	400	1.097	1,492
Richmond, Fred. & Potomac	302	476	366	9,748	9,009
Seaboard Air Line	10,181	11,121	10,625	9,143	7,495
Southern System	21,154	25,255	23,419	24,469	21,352
Tennessee Central	332	616	496	936	833
Winston-Salem Southbound	96	128	141	1,050	884
Total	117,419	128,046	112.014	120,319	101,776
Northwestern District—					
Chicago & North Western	14,651	18,471	15,320	12,821	14,742
Chicago Great Western	2,546	2,925	2,376	3,031	3,684
Chicago, Milw., St. P. & Pac.	19,055	23,258	19,849	9,756	9,922
Chicago, St. Paul, Minn. & Omaha	3,837	4,583	4,037	3,318	4,58[illegible]
Duluth, Missabe & Iron Range	1,266	1,129	908	250	407
Duluth, South Shore & Atlantic	659	790	707	488	58[illegible]
Elgin, Joliet & Eastern	8,932	10,260	9,826	10,706	10,44[illegible]
Ft. Dodge, Des Moines & South	372	467	417	86	14[illegible]
Great Northern	9,795	12,170	9,434	4,350	4.48[illegible]
Green Bay & Western	479	616	522	832	79[illegible]
Lake Superior & Ishpeming	265	341	252	43	5[illegible]
Minneapolis & St. Louis	1,765	2,675	1,542	2,034	2,50[illegible]
Minn., St. Paul & S. S. M.	4,484	5,984	4,911	2,963	3,70[illegible]
Northern Pacific	8,034	10,665	9,236	4,103	4,73[illegible]
Spokane International	42	99	102	353	30[illegible]
Spokane, Portland & Seattle	1,335	2,434	1,550	2,778	2,58[illegible]
Total	77,517	96,867	81,019	57,917	63,78[illegible]
Central Western District—					
Atch., Top. & Santa Fe System	19,349	22,665	17,992	10,787	9,87[illegible]
Alton	*3,095	3,420	2,933	*4,010	3,53[illegible]
Bingham & Garfield	700	565	460	116	114
Chicago, Burlington & Quincy	17,966	18,427	15,107	10,867	10,977
Chicago & Illinois Midland	2,759	3,066	2,587	902	847
Chicago, Rock Island & Pacific	11,166	12,724	10,560	12,389	12,07[illegible]
Chicago & Eastern Illinois	2,285	2,901	2,991	5,481	3,297
Colorado & Southern	764	780	812	1,915	1,57[illegible]
Denver & Rio Grande Western	3,684	3,260	2,878	4,799	4,36[illegible]
Denver & Salt Lake	802	749	669	6	8
Fort Worth & Denver City	1,059	1,194	863	1,102	1,063
Illinois Terminal	1,564	1,960	1,682	1,442	1,657
Missouri-Illinois	900	1,060	775	496	441
Nevada Northern	1,653	1,906	1,870	106	14[illegible]
North Western Pacific	534	883	584	529	43[illegible]
Peoria & Pekin Union	37	21	32	0	[illegible]
Southern Pacific (Pacific)	21,937	27,114	22,955	12,262	9,533
Toledo, Peoria & Western	400	304	318	1,533	65[illegible]
Union Pacific System	13,989	16.050	13,664	12,529	12,24[illegible]
Utah	635	726	412	5	[illegible]
Western Pacific	1,561	1,926	1,548	3,717	3,25[illegible]
Total	106,849	121,701	101,742	84.993	76,15[illegible]
Southwestern District—					
Burlington-Rock Island	683	189	130	212	23[illegible]
Gulf Coast Lines	6,588	5,335	2,900	2,153	2,78[illegible]
International-Great Northern	3,308	2,194	1,594	3,415	2,63[illegible]
Kansas, Oklahoma & Gulf	278	373	167	1,057	1,04[illegible]
Kansas City Southern	5,327	3,201	2,332	2,411	2,481
Louisiana & Arkansas	3,208	2,622	2,004	2,126	2,46[illegible]
Litchfield & Madison	270	403	329	1,167	1,16[illegible]
Midland Valley	583	518	740	212	297
Missouri & Arkansas	117	196	137	414	47[illegible]
Missouri-Kansas-Texas Lines	6,016	5,143	4,164	5,920	4,700
Missouri Pacific	15,701	17,301	14,834	17,480	13,67[illegible]
Quanah Acme & Pacific	109	139	83	154	25[illegible]
St. Louis-San Francisco	8,709	9,442	7,696	7,648	7,028
St. Louis Southwestern	2,985	3,191	2,735	6,220	4,639
Texas & New Orleans	11,241	8,226	6,874	5,020	5,370
Texas & Pacific	4,152	6,730	4,020	7,481	9,116
Wichita Falls & Southern	82	118	120	29	39
Weatherford M. W. & N. W.	24	37	14	29	45
Total	69,381	65,363	50,873	63,148	58,44[illegible]

*Previous week's figures.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1942—Week Ended—					
Nov 7	157,919	138,492	291,780	84	85
Nov. 14	147,815	137,355	301,088	83	85
Nov. 21	146,335	133,188	310,439	83	85
Nov. 28	136,655	124,461	321,885	77	85
Dec 5	150,132	130,761	340,203	82	85
Dec. 12	151,085	137,856	350,011	84	85
Dec. 19	136,363	134,383	350,012	85	85
Dec. 26	118,063	113,600	352,854	72	84
1943—Week Ended—					
Jan. 2	126,844	97,386	379,573	62	84
Jan. 9	134,982	129,365	381,713	82	82
Jan. 16	157,251	137,055	397,437	88	85
Jan. 23	143,028	140,849	398,594	88	86
Jan. 30	152,358	136,645	413,084	88	86

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.

From Washington

(Continued from first page)

8,000 miles. I recall the shrieking and sinister twist which the late Senator Borah gave to the name of John J. Raskob in the campaign of 1928. He would never say anything specifically against Raskob but the way he uttered the name the flesh of his auditors was bound to crawl. I recall, too, back in the days agone how successful saloonkeepers came to be an embarassment to their growing and socially inclined daughters and how, at the behest of the daughters, the successful saloonkeepers, having piled up a goodly sum, sought to become "respectable" by becoming bankers. The result was a bank on almost every corner, if you will remember.

Well, today, the term "Bureaucrat" or "Burocrat" as the Chicago "Tribune" successfully calls it, arouses the same mean emotions in people as once did the name of a very able and sincere man, Raskob, as Borah uttered it, and I have a fairly definite conviction that the socially ambitious daughters of Bureaucrats are coming to plead:

"Daddy, please, oh please, get into something respectable so we can go with the right sort of boys."

I am only reporting when I write this, and I also report on the amazing progress which the term has made. I was out in Michigan in a senatorial campaign last year and my candidate was waging relentless and a successful war on the "Washington Bureaucrats." One day, his grown up daughter came to him and said:

"Father, what do you mean by Bureaucrats? My friends and I have discussed the subject at length and we simply do not know what you mean when you refer to 'Bureaucrats.'"

From then on, the father sought laboriously to explain that by "Bureaucracy" he meant a system of bureaus which had come to take the place of representative or legislative Government in the lives of the American people. These bureaus sought to govern by decree, he explained, and the men manning these bureaus were known as "Bureaucrats" and the system was known as "Bureaucracy."

Well, you don't have to do that now. You don't have to explain Bureaucracy at all. The people are seething about it, and while in the ups and downs of our national agitation and propaganda, the gentry may recoup some of their fortunes. I should certainly hate, as the situation stands at this particular time, for a granddaughter to ask me in later years what I did in the war and to have to answer that I was a Bureaucrat. As the tide is moving that term is likely to be one of the most despised of men's endeavors in all history.

This trend of despise is running so rampant that legitimate Government officials are becoming worried about it. They notice grins now when they refer to themselves as public servants.

Presumably, there will be a swinging back to a middle ground which recognizes the legitimacy of certain Government functions and "public servants." Such, as for example, is developing in Prentiss Brown's OPA. It is becoming a haven for lame ducks. Former Congressman McKeogn of Illinois, who made the doughty but losing fight against Wayland Brooks in Illinois, has been taken care of there, and perhaps before this appears, it will be learned that New Deal Senator Clyde Herring of Iowa, who went down in the November tide, has been given a job there. Those sort of public servants are understandable. They cost a little money, but unlike the intellectuals, they don't do any harm. They are "public servants."

Items About Banks, Trust Companies

The Guaranty Trust Company of New York on Feb. 5 honored its Head Paying Teller, Joseph R. Slipper, on the occasion of his retirement from active service after an association of 50 years with the company. In the more than a hundred years of the Guaranty Trust Company's history, Mr. Slipper is the third member of the bank's organization to achieve that length of service, and in retiring on pension he carried with him not only the good wishes of his associates and many friends of long standing among the bank's customers, but also a tangible expression of good wishes in the form of a check for $1,000, presented on behalf of the company by W. Palen Conway, Chairman of the Board.

The date of Mr. Slipper's retirement coincided with that of his completion of a half century of service. He joined the staff in 1893 at the age of 15 as a messenger, but soon became one of the four members of the bookkeeping staff. The books were hand-posted, and the bank then had one telephone in its basement quarters at 59 Cedar Street. Mr. Slipper became teller after a few years' service, and throughout the years of the company's subsequent growth has been chiefly identified with that branch of the Banking Department's work. He has been head of the Paying Tellers Division for many years. The tellers of the bank gave a dinner for Mr. Slipper on the occasion of his retirement, and he was also honored by the Guaranty Quarter Century Club, of which he was the senior member in years of service.

Robert L. Garner has been elected a Trustee of the Bank for Savings in the City of New York. Mr. Garner is Vice-President and Treasurer of the Guaranty Trust Company of New York and is considered an authority on Government securities.

The United States Trust Company of New York has announced the election of Devereux C. Josephs as a Trustee. Mr. Josephs is Financial Vice-President of Teachers Insurance & Annuity Association of America, with which organization he has been associated since 1939. He is also financial officer of several Carnegie Foundations and is Treasurer and Trustee of the Metropolitan Museum of Art. Prior to 1939 he was for many years a partner in the firm of Graham, Parsons & Co. in Philadelphia.

James C. Talley, retired Vice-President of the National City Bank of New York, died on Jan. 31 at his home in Yonkers, N. Y., at the age of 74. Mr. Talley, who retired in 1931, was engaged in banking throughout his business career. A native of Lynchburg, Allen W. Talley, who was Presiciated in business with his father, Allen W. Talley, who was President of the Bank of Lynchburg. He came to New York at the turn of the century to join the Farmers Loan & Trust Co., an association which lasted until this institution was merged in 1929 with the National City Bank at which time Mr. Talley became a Vice-President of the latter organization.

Eugene W. Stetson, President of the Guaranty Trust Company of New York, on February 9 announced that Dale E. Sharp, Vice-President of the company, has been transferred from the Trust Department to the Banking Department, and will henceforth be identified with the company's banking relationships in the Middle West district, comprising the States of Illinois, Michigan, Indiana, Minnesota, Wisconsin, and Iowa. Since his graduation from college in 1924, Mr. Sharp has been associated with the Guaranty Trust Company of New York and the National Bank of Commerce in New York (merged with the Guaranty in 1929) except for a brief period when he was in the investment banking business. In recent years he has been engaged in the investment work of the Trust Department. Mr. Sharp was graduated from Washburn College in 1924 and from New York University, Graduate School of Business Administration, in 1928.

Edward Miller, Comptroller of the Union Dime Savings Bank of New York, died on February 9 at his home in Teaneck, N. J. Mr. Miller was made Comptroller in December 1934 and was in charge of the Real Estate and Mortgage Department of the bank. On March 25 next he would have completed 31 years' service with the Union Dime Savings Bank. During this time he served in various capacities, starting as a clerical assistant in the Secretary's office in 1912. In November 1921 he was made an Assistant Secretary, and in 1924 an Assistant Treasurer of the bank. Mr. Miller was Second Vice-President of the New York Savings Banks Real Estate and Mortgage Forum, and a Director of the West of Central Park Association.

Rupert C. Thompson, Jr., First Vice-President and Cashier of the Providence National Bank, was recently named President of that institution to succeed Thomas L. Pierce, Chairman of the Board.

Mr. Pierce, who has been President of the bank since 1927, succeeds Moses J. Barber as Chairman of the Board. Mr. Barber continues as a member of the bank's directorate.

George P. Buell, Vice-President of the bank, was, according to the Providence "Journal," chosen Vice-President and Cashier, and William Swift, III, Vice-President, was elected Vice-President and Secretary.

John Terhune, Chairman of the Board of Directors of the Long Branch (N. J.) Trust Co. and President of that institution from 1916, died on Feb. 1 at Matawan, N. J., at the age of 86. Mr. Terhune was prominent in New Jersey banking circles for many years, having been associated with his late brother, James Terhune, in organizing the Freehold Banking Co., the Hackensack National Bank, the First National Bank of Manasquan and the Farmers and Merchants National Bank of Matawan.

The promotion of Walter A. Koerber to Second Vice-President of the Equitable Trust Co., Baltimore, was recently announced. Mr. Koerber, who has been associated with the Equitable since 1925, was formerly Assistant Secretary-Assistant Treasurer.

The institution also announces that Henry D. Stansbury and C. Alfred Spilker have been made Assistant Secretaries-Assistant Treasurers; Vernon T. Pittinger, Auditor of the company, has been elected to the additional post of Assistant Treasurer, and J. Edward Lucas was named Assistant Auditor.

The Seville State Bank, Seville, Ohio, has been admitted to membership in the Federal Reserve System, according to an announcement by the Cleveland Reserve Bank. The bank was incorporated in March, 1914, with a capital of $25,000, and now has deposits in excess of $500,000. H. A. Stebbins has served as President and a Director of the bank since 1932.

The Federal Reserve Bank of St. Louis announces that the Farmers State Bank of Camp Point, Camp Point, Illinois, and the Peoples State Bank of Gillespie Gillespie, Illinois., have become members of the Federal Reserve System. The addition of these two banks brings the total membership of the St. Louis Reserve Bank to 452. The Farmers State Bank, organized in 1920, has a capital of $40,000, surplus of $11,000 and total resources of $651,032, while the Peoples State Bank, chartered in 1922, is capitalized at $50,000, has surplus of $10,000 and total resources of $853,270.

The Union Planters National Bank & Trust Co., Memphis, Tenn., has increased its surplus account by $500,000 and become an institution with a capital structure of more than $10,000,000, plus its reserves, Vance Alexander, President, reported at the recent annual stockholders' meeting. The Memphis "Commercial Appeal" reporting this in its issue of Jan. 15 stated:

"Mr. Alexander said that the Board of Directors had authorized the transfer of $500,000 from undivided profits to surplus, which means a new surplus account total of $4,500,000. With capital of $3,500,000 and undivided profits in excess of $2,000,000, this makes a total capital structure exceeding $10,000,000."

O. H. Hurt, Cashier and Manager of the bank's North Memphis branch, was promoted to Vice-President, and Moten D. Cornelius, Assistant Cashier of the Manhattan branch, was advanced to Assistant Vice-President.

Dr. A. H. Giannini, banker and a member of the Board of Directors and of the Finance and Exective Committees of the Columbia Pictures Corp., died on Feb. 7 in Los Angeles at the age of 69.

Dr. Giannini, a physician, formerly was head of the Bank of America National Trust and Savings Association, which was founded by his brother, A. P. Giannini, and was President of the United Artists Corporation from 1936 to 1938. Since retiring from his major banking operations in 1936 Dr. Giannini devoted most of his time to civic affairs, leading community chest drives sponsoring the Philharmonic Orchestra and organizing United Service Organization activities.

A native of California, Dr. Giannini was graduated from St. Ignatius College, San Francisco, in 1894 and received a medical degree from the University of California in 1896. He began the practice of medicine in San Francisco and served as an Army surgeon in the Spanish-American War. About 1908 he entered the banking business as Vice-President and Manager of the Bank of Italy's first branch at San Jose and later was head of the Market Street branch in San Francisco. This bank was founded by his brother, A. P. Giannini, in 1904. Dr. Giannini's banking career shifted to New York in 1909 to assume the Presidency of the Bowery and East River National Bank, later merged with the Bank of America National Association, of which he became Chairman. He returned to California in 1931 to become Chairman of the Bank of America National Trust and Savings Association and resigned in 1936 to become President of United Artists.

Phil A. Strack, Executive Vice-President of the People's National Bank of Washington, Seattle, has been elected President of the institution, succeeding Albert Brygger, who retired because of ill health. Mr. Strack, who was formerly an officer of the United States National Bank of Portland, has been connected with Seattle banking since 1930.

Total assets of the Bank of Nova Scotia (head office Halifax) set a new record at $410,467,055 as of Dec. 31, an increase of $30,000,000 during 1942, according to the bank's 111th annual statement made public Feb. 3. Deposits at $345,601,552 were up almost $42,000,000, while investment account gained $28,000,000. Net earnings for the year were $1,860,262 after taxes of $1,357,773 which compare with the 1941 net of $1,935,602 after $1,061,949 taxes.

Cash, clearings and amounts due from other banks at $89,102,723, represented 23.87% of liabilities to the public, while cash and balances with the Bank of Canada alone represented 11.90%. Total quick assets (including the above items), together with investments and call and short loans secured by stocks and bonds, represented 68.10% of the liabilities to the public, compared with 63.10% last year. Regarding the bank's showing it is also announced:

"Investments amounted to $160,521,400, an increase of approximately $28,000,000 in the year. Short-term Dominion and Provincial securities represented 47% of all investments and the total of both short and long-term Dominion and Provincial securities was 85%. Call loans at $4,538,836, showed a small increase. Other loans came to $126,777,447, a gain of $3,083,393. Current loans to business and individuals were $5,000,000 above last year's figures. Reductions were shown in loans to Provincial and Municipal Governments which were down $1,976,004.

"Liabilities of customers under acceptances and letters of credit were $21,244,614, down $10,237,500 in the year, reflecting reduced opportunities for foreign trade and the running off of special transactions.

"Notes in circulation at $5,033,216, were down $1,155,751 in accordance with Bank Act requirements.

"Total deposits of $345,601,552 were $41,723,573 higher. Of this total, non-interest-bearing deposits of the public at $130,587,563, were up $23,017,492. Interest-bearing deposits of the public came to $180,413,570, practically unchanged from a year ago notwithstanding the substantial withdrawals made during the year for two Victory Loan Campaigns. Deposits of Dominion and Provincial Governments were up $17,001,918 to $26,590,846."

In addressing the annual meeting of the shareholders of the Bank of Nova Scotia on Feb. 3, H. D. Burns, General Manager, reported as follows regarding the cutting down in the number of branches:

"In accordance with Governmental policy of reducing nonessential services and to relieve the manpower situation, the banks generally have cut down their branch distribution and in 1942 have closed 187 branches and sub-branches. For our part, we have closed 15 branches and one sub-branch and we now have 240 branches in Canada and 37 branches elsewhere. Almost all of these closings were exchange arrangements with other banks, so that our volume has not been affected. It is a matter of regret to us that wartime conditions have made it necessary to close branches at points where we have been represented for many years, and it has meant the severance of relations with friends and customers of long standing. However, this is one of the inevitable consequences of the total war effort which makes such great demands on the manpower of the country. It is quite possible that further reductions in the number of branch banks in the country may have to be made in 1943, but in bringing this about it is the general policy of all the banks to see that provision is made for adequate banking facilities throughout the Dominion, because it is recognized that banking service in all sections is necessary for the conduct of the general business and war activities of the country.

The Midland Bank Ltd. of London announces that H. A. Astbury, Chief General Manager, retired on January 31 after over 50 years of service to the bank, but retains his seat on the Board, and that the following appointments have been made, effective on February 1: C. T. A. Sadd, C. B. E., D. L. and G. P. A. Lederer, M. C., at present Assistant Chief General Managers, to be Chief General Managers; A. Woods, D. L., at present Manager of New Street Branch, Birmingham, to be a Joint General Manager.

The net profits of the Westminster Bank, Ltd. (head office London) for the past year, after providing for rebate and taxation, and after appropriations to the credit of contingency accounts, out of which accounts full provision for bad and doubtful debts has been made, amount to £1,237,585. This sum, added to £563,864, brought forward from 1941, leaves available the sum of £1,801,449. The dividend of 9% paid last August on the £4 shares and 6¼% on the £1 shares, absorbs £388,481. A further dividend of 9% is now declared in respect of the £4 shares, making 18% for the year; and a further dividend of 6¼% on the £1 shares will be paid, making the maximum of 12½% for the year. The dividends were payable (less income tax) on Feb. 1 to those shareholders whose names were registered in the books of the company on Dec. 31, 1942. £200,000 has been transferred to bank premises reinstatement and rebuilding account and £300,000 to officers pension fund, leaving a balance of £524,487 to be carried forward.

The Board of Directors of Swiss Bank Corporation at a meeting in Basle on February 3, approved accounts for 1942, showing net profits including carry over of 9,875,180 francs against 9,655,966 francs for 1941, and total assets of 1,366,433,327 francs against 1,370,094,424 francs. At the general meeting on February 26, the Board of Directors will propose a 4% dividend (same as last year), after which there would be a carry over of 3,475,180.57 francs against 3,255,965.81 francs.

GENERAL CONTENTS

(Continued from first page)