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Withholding Tax At Source Held Essential To Combat Inflation

The need for a withholding tax at the source was stressed in a statement submitted by Elisha M. Friedman, of New York, to the House Ways and Means Committee in Washington on Feb. 12. Pointing out that "incomes in the lower brackets have risen sharply and threaten inflation," Mr. Friedman, who is a consultant economist, stated that "a withholding tax promptly withdraws excess purchasing power," and in advocating such a tax he added that "we can have deduction at the source without adopting all of the features of the Ruml plan." In contending that a withholding tax is desirable, Mr. Friedman said, "People in the lower income tax brackets do not budget their income or keep books. People in the upper income brackets accrue their taxes. A withholding tax is unnecessary for them but may be desirable for the Treasury. A withholding tax would make it possible to change rates up or down promptly as conditions require. Our tax rates in the lower brackets are still low compared to other countries. But in other countries the tax is collected weekly or monthly at the source.

"For the year 1943 Mr. Randolph Paul estimates that there will be 44 million taxpayers. But 40 million will have an income of less than $2,000. It would simplify the Treasury's administrative problem if it forgave the 1942 tax for this group or taxed them at 1941 rates, so that many would be forgiven automatically. They could then be taxed currently at the source. The remaining 4,000,000 taxpayers with incomes over $2,000 could continue to stay one year behind. The administrative problem for this group is manageable. It has been manageable despite the depressions of 1921, 1932 and 1938."

In Mr. Friedman's view, "the Ruml plan is not pay-as-you-go but pay-in-advance." He further said:

"Its progenitor is R. H. Macy's D.A., Depositor's Account. You put down your cash before you buy. Mr. Ruml would apply this plan of a department store to the Federal Treasury. But for the store's customers such a plan is optional. For the taxpayer, it would be mandatory. However, after 1938 Macy's reversed the Ruml Plan. They shifted from the D.A., or "depositor's account," to the "charge account" basis.

"Why do we have to catch up on the liability for taxes only, particularly for the upper brackets? The American public has vast other liabilities. Installment debt outstanding in September, 1941 was abmost $7.0 billion, owed mostly by little people in the low brackets of income tax. These little people's income tax debt from year to year is small by comparison. We have other debts beside tax debts. The private debt is $79 billion and the private interest payable is $3.3 billion yearly."

In his statement Mr. Friedman also said:

"Deduction at the source has been applied in other countries. In Belgium and Germany a withholding feature was introduced simultaneously with the income tax in the 1920's. The wage earning class files no returns, and simplifies tremendously tax administration. We could perhaps adopt the German and Belgian system of segregating wages and salaries from the other incomes.

* * *

"Much of our current tax difficulty is caused by the long lag between the end of the year when the income is earned and the date of the final installment payment. In Great Britain, on yearly earnings through December the tax is due in one lump sum next April. For the wage earners on every half year's income the payments were within the twenty-one subsequent days. The fiscal half year ended

(Continued on page 670)

GENERAL CONTENTS

Editorials

Page

Again the "Punish With Candy" Theory 666

Regular Features

Financial Situation 665
From Washington Ahead of the News 665
Moody's Bond Prices and Yields.... 674
Items About Banks and Trust Cos... 680
Trading on New York Exchanges... 678
NYSE Odd-Lot Trading 678

State of Trade

General Review.... 666
Commodity Prices—Domestic Index. 675
Weekly Carloadings 679
Weekly Engineering Construction... 674
Paperboard Industry Statistics..... 679
Weekly Lumber Movement.... 675
Fertilizer Association Price Index... 675
Weekly Coal and Coke Output..... 676
Weekly Steel Review.... 674
January Shipments by U. S. Steel. 678
Moody's Daily Commodity Index.... 674
Weekly Crude Oil Production..... 677
Non-Ferrous Metals Market.... 675
Weekly Electric Output.... 676
January Cottonseed Receipts..... 675
Fairchid's Jan. Retail Price Index.. 676
January Bank Debits. 676
Fed. Statutory Debt Limit at Jan. 31 678
Commercial Paper Outstanding on January 30.... 678
American Zinc Industry Summary. *
Copper Institute Summary.... *
Pig Iron Production.... *
Daily and Weekly Copper, Lead and Zinc Sales .... *

*These statistics omitted from "Chronicle" at direction of the War Censorship Board. (See notice on first page of Section 2 in August 27, 1942, "Chronicle.")

Miscellaneous

Lend-Lease Being Adjusted to Protect Export Trade.... 688
Withholding Tax Held Essential as Inflation Curb.... 665
Value of Advertising Demonstrated in Bond Sales.... 668
Harvard to Survey Radio Advertising 668
Rickenbacker Speaks at New York Luncheon 668
To End Tire Recapping Restrictions 668
Reserve Note Issuance Inflationary Act 669
U. S.-Belgium Lend-Lease Pact..... 669
Congress to Rule on Government Printing Pay.... 669
Labor Department Corrects Living Report Data.... 669
Urges Pay-As-You-Go Tax Measure. 669
House to Continue Small Business Study 669
Hull Stresses Need for Post-War Unity 671
FDR Confident of African Victory.. 671
Sproul Re-elected as Open Market Head 671
WPB Announces Plans for Correcting Bottlenecks.... 671

(Continued on page 680)

From Washington Ahead Of The News

By CARLISLE BARGERON

Following Clare Luce's job on Henry Wallace, Washington has suggested a theme song for him and I insist it should be played every time he appears on the stage just as theme songs are played for Jack Benny, Fred Allen and the other stars of America's current theatre. It is: "Did you ever see a dream walking?"

Envious people are predicting dire things for the winsome Clare, but there is no escaping the fact that so far she has had a profound effect on national and world affairs. It didn't used to be this way. But we have gone in so much for personalities, for ideas, in Government that the well planned quip may turn the whole course of human affairs. Depth of understanding doesn't count for much anymore. It's the headlines that count.

Clare's influence, however, goes further than this. She was recently on a nationwide radio forum with Jack Nichols, Congressman from Oklahoma, and one who has always considered himself to be in the thick of things, even back there before the November elections when the Bureaucrats were treating the Congressmen with contempt. What I mean to say is that the Bureaucrats accepted Nichols as one of the "better" members, one of them with the "broad, social" viewpoint. His having this standing, you can appreciate that it means something for Clare to leave her impress upon him. Well, in her speech she used a lot of quotations from poetry. Nobody had ever associated Jack with poetry before but before the program was over he was drawing freely from Tennyson. It must have annoyed him no end later when several people called the radio station and wanted to know if it was Wendell Willkie talking with Clare.

Both Jimmy Byrnes and Prentiss Brown sold themselves to the country's editors who gathered in Washington over the week-end. It is a question of who did the better job. Their approach was the same. Mistakes have been made, there has been a lot of crackpot stuff that is now going to be cut out. But you gentlemen must bear with us. Think of the tremendous job we have on our hands. How would you like to have our jobs?

Few of the editors asked why there should be such jobs as these two men have got in the first

(Continued on page 679)

THE FINANCIAL SITUATION

With each announcement from Washington and with each step taken to solve the so-called manpower problem, it and the situation by which it is surrounded becomes more clouded and more muddled. We are now told that some 4,000,000 men must be added to the armed services during the current year, which would indicate armed forces at the end of the year totaling about 11,200,000 men—a figure said never to have been equaled anywhere in the world. Meanwhile, with food shortages on every hand and more threatening, the National Industrial Conference Board finds the number of hired men on the farms in December the lowest on record. Spectacular wage earnings in industry and the selective service have evidently already drawn the farm labor force down to dangerous proportions—and the farmer will decide within the next month or two how many acres of food crops and how many livestock he can manage with the help in sight. In industry, labor shortages exist in a great many communities and what surplus there was in other areas is steadily if not rapidly disappearing.

Ex Cathedra "Explanations"

To those intelligent men of long experience in industry, transportation and agriculture who question the wisdom of plans which require those who are left in civilian life to support, equip and transport armed forces of this size to the four corners of the earth, and at the same time to feed our allies and others necessary to maintain the total war effort, the answer is an ex cathedra statement, apparently originating with the Army, that we need that many men in the armed services "to do the job" by which we are confronted. The plain implication of such a statement appears to be that, whether impossible or not, it is the duty of the civilian population remaining to do what is required of it without asking questions or complaining. Possibly, such a duty does rest upon those not bearing arms. It seems to us, however, that this is hardly the way to get the most from the rank and file of the people who are already so confused by conflicting official statements, so skeptical as a result of continuous "cleverness" in approaches made to them by those in public life, and so uncertain of anything as a result of the paucity of information permitted them, that their state of mind is one of rather untrusting bewilderment.

Certainly if this staggering task is to be set for the

(Continued on page 667)

Profits, Real And Fancied

"Corporate profits before taxes have risen to unprecedented peaks. Apart from certain loopholes in the tax system, however, the great bulk of the excess profits is turned to the Government through excess profits taxes. But in the struggle to achieve stable prices and stable costs, it would be desirable to keep costs and prices down rather than to let excess profits accumulate, even though most of them are ultimately recaptured by the Government.

"Excess profits provoke inflationary wage demands. An excess profits tax is no excuse for maintaining exorbitant prices or for saddling excessive costs on the Government or on consumers.

"Accordingly the Office of Price Administration is today reviewing the present structure of prices and will reduce prices wherever exorbitant prices are found to exist."—James F. Byrnes, Director of Economic Stabilization.

How unfortunate it is that we ever got into the habit of talking about "profits before taxes!"

As if there were really any such profits!

We might almost as well speak of "profits before wages," or "profits before rent," or profits before any of the other bills are paid.

When the real profits from current operations are reckoned, the question is not whether they are "excessive" or "exorbitant," but whether they are sufficient to permit adequate reserves against the inevitable expense of converting to peacetime production and post-war contingencies certain to arise.

Editorial—

Again The "Punish With Candy" Theory

The Administration's order directing all employers in 32 areas to adopt the 48 hour work week and pay time and a half for all hours worked over 40 may be criticized on many grounds, but perhaps as serious as any is the adherence to what might be called the "punish with candy" theory. By that theory we mean that whenever the exigencies of war or politics have required the Administration to take any action that might possibly disappoint its labor bloc friends, it always "sweetens" the action in such a way that the measure becomes palatable, if not enjoyable, to the labor bloc. Sometimes, of course, the sweetening neutralizes the effect of the action taken, but that is simply a risk you take when you are a devotee of the punish with candy theory.

Actually, the Administration has applied this theory to the farm bloc as well as to the labor bloc. Students of farm economics will recall that the Administration is itself to blame for the outrageous demands in the form of higher prices which the farm bloc has pushed and won. The whole thing was touched off when the Administration first decided to crack down on farm prices almost two years ago. How did it crack down? Why, with the punish with candy theory. The Secretary of Agriculture announced that farm prices would be **restrained** at levels considerably **higher** than those then prevailing in the market place and that the higher levels would be maintained with crop loans at guaranteed price levels.

To an appreciable extent this application of the punish with candy theory—this method of holding down (?) prices—was responsible for the farm bloc's activities in the months that followed.

The most outstanding recent instance of the theory being applied to the labor bloc came with the promulgation of the famous Little Steel formula. After having for months sternly denounced those who favored freeze wages as Canada had done, the Administration in April of last year rather reluctantly announced that wages must be restrained.

This was unsavory news for the labor bloc, until they learned that the National War Labor Board would interpret just what the word "restrain" was to mean. And when the Board handed down its Little Steel decision, labor learned just what the candy would be that was to go with the restraint. To anyone familiar with the Alice-in-Wonderland economics of the past decade it was not surprising that the Little Steel Doctrine bravely fought against wage increase inflation by awarding thumping good increases to all employees in the mass production industries. Nothing like a little gasoline to quench a fire!

Under the influence of the Administration's wage restraints as imposed by the Little Steel formula, hourly wages in war manufacturing industries increased by almost 9% from April, when the President announced that wages must be controlled, until October, when the new wage freezing law went into effect!

Now, we come to another exemplification of punish with candy. With the opening session of Congress, bills were fed into the hopper to end the 40-hour week. In area after area, acute shortages of workers began developing, and with work or fight orders being freely talked about in Washington, it was simply untenable to continue a defense of the 40-hour week.

But, all organized labor was committed to the 40-hour week, so its abolition must be so sweetened that no very serious objection would be raised by the bloc. The sweetening decided upon certainly seems adequate—with no change whatsoever in the 40-hour week law, with employers in all lines of industry and trade being forced to work employees 48 hours and pay them time and half for the eight hours.

One other aspect of this announcement and the punish with candy theory needs emphasis. Always the actions taken have been designed to head off more serious, less palatable measures under consideration in Congress.

Most of the criticism of the 48-hour week edict has been confined to the obvious inflationary implications of raising wages by 30% when hours worked rise only 20%, and the action does indeed promise a healthy jolt to price-control moves. Get away from percentages for a moment and look at some figures that will show the effect of the action.

The order will not materially change conditions in the majority of war industries since they are already on a scheduled 48-hour week with time and a half for the extra eight hours. However, when the order is applied to most industrial regions, as it will be eventually, it will apply to some 7,000,000 or more employees in the non-war industries who are working only 40 hours a week or less.

If we assume those 7,000,000 to be earning on the average 80 cents an hour, the 48 hour week would increase their wages overnight by almost $70,000,000 a week or $3,500,000,000 a year. The overtime premium alone would add almost $1,300,000,000 or thereabouts to the annual incomes of this 7,000,000.

Anyone who has ever lived in an industrial town will testify that such sudden increases constitute "hot money" that burns pockets—hot money sure to aggravate inflation problems. The increases involved are staggeringly huge, but their inflationary impact would be magnified because the increase would occur so suddenly. A wage-increase avalanche such as the Little Steel formula touched off gathers momentum rapidly and in **months** affects hundreds of thousands of employees—but here is a wage increase scheme that would at some time in the near future **on one single pay-day** give millions the biggest boost they have ever had.

We want to see the wage ceiling that can hold under the impact.

Of course, we have been considering only one aspect of the problem. Probably no one in the Administration ever considered the order from the viewpoint of the employer—but his plight should be worth a paragraph or two, especially when it too will affect us all.

The vast majority of the non-war industries most concerned about the 48-hour week order have many other headaches to plague them. The textile, food, and other such industries find that price ceilings, new and proposed, afford them little or no profits despite current large volumes. In addition, many are in the midst of government-ordered simplification or standardization or grade labelling programs that entail large expense as well as rather frightening changes in the normal methods of doing business. All encounter increasing difficulty and expense in getting raw materials and supplies needed for maintenance and repairs.

In view of all this, can the nation expect these industries to absorb a 30% increase in labor costs when other developments already have whittled profit margins to the bone? Even the Office of Price Administration cannot expect such huge labor costs to be absorbed, and in the soft coal industry, it already has approved price increases to help compensate for the cost of overtime pay, when that industry added a sixth day to its normal five-day, 35-hour week schedule.

In the coal industry, the price increase allowed on account of the overtime wage boost amounted to 8%. Suppose the OPA is forced to allow such an increase to most branches of the textile industry, and to many branches of the food processing industry? An increase of anything like this magnitude will clearly destroy inflation control by stirring up anew the farm bloc to demand even greater boosts in agricultural materials. And so on up the spiral.

The choice is clearly there—either boost prices to cover the costs or see thousands of non-war industries penalized to the point of bankruptcy. Most of those most hurt will inevitably be the smaller firms about which Congress has so often expressed concern.

The adoption of the 48-hour week could have been accomplished by an orderly process that would neither have caused inflation nor upset materially the operations of small business. If the overtime premium required for hours above 40 had been removed for concerns in the non-war industries, the adoption of the 48-hour week would have eventuated gradually and with a minimum of disturbance.

But there would have been no candy in such a procedure.

There is plenty of candy in this order to offset the punishment, but some followers of this new theory are going to learn another and far older saying before they are through—and that is, "You can't have your cake and eat it too."

The State Of Trade

The news generally from industrial areas and from the retail trade continues favorable. While electric power production for the week ended Feb. 6 declined from the record high established in the preceding week, there was a gain of 14% shown above the corresponding 1942 period, according to the Edison Electric Institute.

The total of 3,960,242,000 for last week compared with 3,976,844,000 kilowatt hours in the previous week and 3,474,638,000 a year ago.

The Pacific Coast area again showed the greatest gain, with an increase of 29.9%, while the New England region had the smallest with a gain of only 3.1%.

Steel production in the United States is scheduled this week at 99.5% of capacity, indicating output of 1,702,100 net tons of ingots and castings, compared with a rate of 99.3% and output of 1,698,700 tons last week, according to the American Iron & Steel Institute.

For the like 1942 week production was 1,634,100 tons and operations averaged 96.2% of then existing capacity.

The Institute also disclosed that alloy steel production in the United States reached a new all-time peak in 1942 at 11,351,000 tons, up nearly 40% from the previous top of 8,206,000 tons in 1941, and about four times the tonnage needed to meet the average yearly peace-time alloy steel requirements.

Car loadings of revenue freight for the week ended Feb. 6 totaled 755,386 cars, according to reports filed by the railroads with the Association of American Railroads. This was an increase of 20,804 cars from the preceding week this year, 28,576 cars less than the corresponding week in 1942, and 45,190 cars above the like period two years ago.

This total was 121.23% of average loadings for the corresponding week of the ten preceding years.

The railroads have nearly reached the saturation point in freight carrying capacity, according to Brigadier General Leonard P. Ayres.

"Surplus freight cars and reserves of freight locomotives are now so few that the limits of the carrying capacity of the railroads are being rapidly approached," the retired army officer explained in the monthly business bulletin of the Cleveland Trust Co.

The economist cited these statistics:

In the summer of 1938 about 44% of the freight locomotives were either in the shops awaiting repairs or in storage. The percentage of unused locomotives decreased yearly, until in October, 1942, the figure had dropped to 12%. Freight cars out of use in 1938 totaled 32% of all owned by the roads, and by October, 1942, this had dropped to 4%.

"It is difficult to hold the number in the shops to as low a level as 10%, and 2% of serviceable locomotives held in storage is a smaller reserve for emergencies than a railroad ought to have," General Ayres declared.

He said further, "that the railroads took only a little more than two-thirds as much steel in 1942 as in the previous year.

"They were not allowed to use as much as they needed, and that particular economy may prove costly to our war effort, because it is not useful to expand our steel production unless the railroads' cars are kept sufficiently well equipped to carry it to the places where it must be used," he asserted.

"The most effective way to increase our outputs of ships and munitions in 1943 would be to allow the railroads to buy more locomotives and more cars."

The "Engineering News-Record" reported a further drop in heavy engineering construction in January, compared with December, estimating the weekly average for the month at 24% below December and 55% under January of 1942.

For the four weeks in January the total was $226,826,000, against $373,622,000 in the five weeks used for December and the $628,780,000 in the five weeks of January, 1942.

The weekly average of private construction dropped 46% under December and 62% below January a year ago; public work was down 27% on the month, 54% on the year.

Federal contracts made up 88% of the January total, private work 7% and State and municipal 5%.

Department store sales on a country-wide basis were up 19% for the week ended Feb. 6 compared with the like week a year ago, according to the Federal Reserve Board.

Store sales were up 5% for the four-week period ended Feb 6 compared with last year.

Department store sales in N. Y. City in the week ended Feb. 6 were 11% higher than in the like 1942 week, and in the four weeks ended Feb. 6 were 4% lower than the comparable period a year ago, according to the New York Federal Reserve Bank.

Department store sales in N. Y. City in the week ended Feb. 13 were 20% larger than in the like week last year, according to the New York Federal Reserve Bank. Sales for the first two weeks of February were 15% above the like 1942 period. For the month of January, however, sales were 7% below those of the like 1942 month. It was pointed out that in January last year sales were exceptionally good.

Business failures increased to 84 in the week ended Feb. 11, from 82 in the preceding week, Dun & Bradstreet, Inc., report. The latest total was 60% under the 210 reported in the corresponding week a year ago.

Non-Farm Foreclosures Down Sharply In 1942

The Federal Home Loan Bank Administration reports that for the year 1942 non-farm real estate foreclosure activity was substantially below that of 1941. The estimated number of cases, 42,331, represent a decline of 28% from the year of 1941 and a decline of 81% from 1934. Non-farm foreclosures numbered less for each month of the past year than for the corresponding month of 1941. Rises in value of residential properties, coupled with increased employment and higher wages throughout the country, have protected the equities of home owners and in this manner forestalled many foreclosures.

The FHLBA report continued:

"Improvement in the foreclosure situation during 1942 was widespread geographically. Each Federal Home Loan Bank District declined during the year with decreases ranging from 43% for the Indianapolis District to 22% for the Pittsburgh District. Still further study reveals that all but three States declined for the year.

"In December foreclosure cases declined still further, thus continuing the downward trend which has been evident over a period of nine years. There were 2,927 cases registered in this month compared to 3,081 cases in November. This decline of 5% is contrary to the normal seasonal increase of 1.4% in December. The seasonally adjusted index for December was 21.9 to 23.4 for November (1935-1939 equals 100).

"The foreclosure rate for the United States as a whole during 1942 was 1.9 cases per 1,000 structures as compared with 2.7 for 1941. Only Boston, New York and Pittsburgh Bank Districts reported a rate greater than the national average. Foreclosure rates used in this report are based on the 1940 census of non-farm structures and are therefore not comparable with the previously published data."

Churchill Back From Africa

Prime Minister Winston Churchill returned to London on Feb. 7 from his 10,000-mile air tour of North Africa and the Middle East.

Following up his conference with President Roosevelt at Casablanca and his talks with President Inonu of Turkey at Adana, the Prime Minister reviewed troops at Cyprus and on Feb. 3 visited Tripoli, where he expressed his thanks to the victorious British Eighth Army and Allied Air Forces. He later conferred with Lt. Gen. Dwight D. Eisenhower and other Allied commanders at Allied headquarters in North Africa.

The Casablanca conference was referred to in these columns of Jan. 28, page 370, and the Turkish meetings in our issue of Feb. 11, page 578.

THE FINANCIAL SITUATION

(Continued from first page)

people of this country, it is the height of folly to persist in placing obstacles in the path of the most effective performance. Yet who can fail to find in the price policies, the weird wage and salary stabilization efforts, the limitation on the salaries of key business executives, and now the 48-hour week edict, serious impediments to smooth functioning? The course of Administration policy has been strange as well as disconcerting to business. As every one knows the cost of living has continued to rise notwithstanding elaborate price controls. Wage control has failed to prevent a steady creeping up of rates of pay to workmen, and the rules and regulations under the so-called stabilization procedure have been a nightmare. The 40-hour week, utterly indefensible in times such as these, has been under constant attack.

Mr. Lewis Steps In

All this has been going on for months, but a short time ago John L. Lewis, arch-enemy of the President, has been anything but cooperative in consenting to a lengthening of the hours of work in the nation's coal mines, and let it be known that he intended to see to it that the miners obtained an increase in wages when their present contract expires which it does in a few weeks. Then out of the blue comes a renewed determination to maintain what has become known as the "Little Steel" ruling, to prevent further price increases and an edict designed to establish a general 48-hour week—but, of course, with a continuation of time and a half for all time over 40 hours. All the familiar arguments about inflation are again brought forward—without the slightest recognition of the fact that nothing stimulates production so much as price. To give these various lines of reasoning the appearance of consistency it was necessary to bring forward a novel argument to show that higher wages in the form of time and a half for eight hours each week, quite contrary to the ordinary kind of increase in wages, would not be "inflationary." The net result of it all is anything but heartening.

Nonsense About Inflation

Any contention that more pay as a result of greatly increased overtime work will not tend to widen the so-called inflationary gap is patent nonsense, as a moment's reflection will clearly prove. As to the theory that production will be increased, let it be recalled that the disparity, known as the inflationary gap, is between expendible income and the volume of goods available for purchase by those who have the funds, that is to say of ordinary civilian goods. Save in agriculture, where the 40-hour week does not apply and where it is without effect except indirectly, the object of the 48-hour week is to increase the production of military goods, not products for civilian consumption. The central purpose is to produce a minimum of civilian goods with a minimum of manpower, draining off workers to war industries as rapidly as possible.

Now consider how the dictated 48-hour week affects pay envelopes. Let us suppose a case where the workers receive $1 per hour for 40 hours of work per week. Their pay envelope at the end of the week contains $40. Now let us suppose they work 48 hours, forty at $1 per hour and eight at $1.50 per hour. Their pay envelope will then contain $52, or $1.08⅓ per hour. Each worker receives $12, or 30% more each week, and the employer has been obliged to pay over 8% more per hour for the labor he has bought. The net result, so far as inflation is concerned, of a full effectuation of this decree would be to add 30% to expendable funds of the workers (less whatever is now received for work in excess of 40 hours per week), and the volume of available consumption goods would be no larger than before, except as more workers, if any, are made available to agriculture.

The Ordinary Business Man

And what of the employer the nature of whose business precludes war orders? It is assumed—without evidence—that the tax-payer is willing to bear the increase in cost of war goods. But what of the great rank and file of business men, great and small, who are often engaged in producing goods without which the nation could not possibly continue to support even an army much more moderate in size than that actually planned? Are price ceilings to be made flexible enough to enable him to absorb this added cost? He is already in danger of being crushed between the upper and the nether millstone. It is no answer to assert suavely that such is war! The truth is, of course, that successful war is not conducted in any such manner. Many of these enterprises are very nearly as essential to successful conduct of war as they would be if they were making planes and guns. The civilian population could not exist without them. Is this a sensible way to obtain maximum production from the total population to support total war?

Space does not permit discussion of some of the more immediately practical phases of this remarkable edict, the insuperable difficulties of applying it. But enough has been said to make it clear that we are trifling—or worse—with a very dangerous situation.

Socialized Real Estate Post-War Threat Of Unhampered Bureaucracy, Says Mullenix

The same sort of complacency that permitted the "cancerous growths in Berlin, Rome and Tokio" to develop in the past 20 years is a threat to us today because we are permitting bureaucracy to grow unhampered, Charles A. Mullenix, President of the Mortgage Bankers Association of America, told members of the Real Estate Board of New York, Inc., at their annual banquet on Feb. 6. Mr. Mullenix said:

"It is difficult to liquidate bureaucracies because, regardless of the wishes of Congress, they find ways to perpetuate themselves. An example is the United States Housing Corporation, which directed war housing in 1917-1918 and still has not been completely liquidated. The HOLC is another agency that has served its purpose and should be completely liquidated, according to its instructions from Congress."

One of the great post-war problems for real estate owners, he said, is the danger of permanent rent control which would "force complete socialization of real estate — in other words, national communism. Here, during the war period, we have seen bureaucracy operate in its worst form, interpreting laws to suit its prejudices and attempting to promote class hatred between landlords and tenants under the guise of making rent control effective."

He said the "landlords of the country" are not only those who own large apartment buildings in the big cities but are the thousands who have put their life savings into two and three-family units to provide an income for their old age—"their own social security, if you please. These are the people who are really hit by the caprice of these demagogues."

City rebuilding and city planning will be far more vital problems for urban America in the post-war period than most people realize, he said. They are so vital, he declared, "that the death knell may be sounded for those cities that do not meet the problems and overcome the dry rot that has developed. The 'public housers' can think of nothing in planning beyond their public housing racket."

The problem is particularly acute in New York City, he pointed out, because of the many problems involved. Among them he cited "the effect of air freighters on the port of New York and the changing financial picture." As to the financial factor, he declared, "after the first World War New York was the financial center of the world—Washington occupies that position now. You may succeed in again making New York the financial center of that part of the United States east of the Rockies—and you may even succeed in again becoming a great financial center serving a portion of the world."

Returning to the national scene, Mr. Mullenix said it is wrong to criticize those things in our national life we don't like—and rest our case there. "If the Government has over-stepped what we consider proper bounds in its infringement on private business, we should take stock of private enterprise and determine what its failings have been."

New Series Of Radio Programs On Rationing

Prentiss Brown, Federal Price Administrator, was the first guest speaker in a new series of radio broadcasts entitled "Washington Reports on Rationing," which originated in Washington on Feb. 14. This series, to be heard over a coast-to-coast network of the National Broadcasting Co. every Sunday afternoon at three o'clock (EWT), is presented by the Council on Candy As Food in the War Effort in cooperation with the National Confectioners' Association.

Ernest K. Lindley, Chief of the Washington Bureau of "Newsweek" and well-known news correspondent, will be the principal commentator throughout the series.

Introducing the series of programs on rationing, Mr. Brown outlines the manner in which the general public may obtain the greatest benefits from the rationing program. Other important Washington personalities also will appear as guest speakers with Mr. Lindley in subsequent programs, discussing the last-minute developments each week on the subject of rationing and how it applies to the individual homes of the nation.

The Council on Candy As Food in the War Effort presents this series as a public service on the most important subject confronting the nation as a contribution toward helping win the war. Its principal purpose is to help people on the home front to understand and successfully apply the fundamentals of the rationing program as administered by the Office of Price Administration. Questions from the radio audience concerning rationing will be invited throughout the series, and these will be answered by Mr. Lindley and the various guest speakers.

New Naval Aide To FDR

The White House announced on Feb. 4 that Captain John L. McCrea, the President's Naval aide for over two years, has been relieved, at his own request, in order to command one of "the biggest and most powerful ships" of the Navy.

Captain McCrea's regular three-year tour of duty would not have expired until October, 1943. He will be succeeded in the White House post by Rear Admiral Wilson Brown, who served one tour of duty as Naval aide to President Roosevelt back in 1933. Admiral Brown was Commandant of the First Naval District at Boston and formerly commanded a task force in the Pacific last March, which sank or badly damaged more than 25 Japanese ships in the Lae and Salamaua operations.

Adjusting Lend-Lease To Prevent Dislocation Of Export Trade, Says Young

In an address outlining the "Present and Future Effects of Lend-Lease Operations on Foreign Trade," it was brought out by Philip Young, Deputy to Edward R. Stettinius, Jr., head of the Lend-Lease Administration, that "lend-lease is attempting to adjust its operations so as to cause as little harm to the export machinery of the United States as is possible, consonant with our No. 1 job of helping to win the war," and that "as a first move in this direction trade names are now being allowed on requisitions." Mr. Young's remarks on the subject were addressed to a gathering of exporters at a meeting at the Commodore Hotel in New York on Feb. 4, sponsored by the Commerce and Industry Association of New York, Inc. Mr. Young declared that "every American citizen has an interest in lend-lease, and holds a stake in the success of the lend-lease program." "Some," he said, "it affects directly and some only indirectly. There are few, if any, that it does not touch." In part Mr. Young added:

"There are many aspects of lend-lease which will interest you. As taxpayers and buyers of war bonds you will wish to know concerning our stewardship of the $18,000,000,000 entrusted to our care over the last two years. As ration book holders you are anxious about the demands of lend-lease on our national food and petroleum supplies. As fathers of the boys in our armed forces you will want to know if lend-lease has taken away equipment which should have stayed in their hands. Again, as Americans of imagination and initiative you will be interested in the tremendous scope of our operations—from the improvement of ports in the Red Sea and the Persian Gulf, from well-drilling equipment for Gen. Montgomery's Eighth Army to material for China's hidden arsenals."

"Finally," said Mr. Young, "you would like to know what the United States is getting from other of the United Nations as reciprocal lend-lease." "I believe," he said, "the basic job of lend-lease to be the supplying of essential needs to these countries, areas or groups which are actively fighting and working in the defense of the United States." Continuing he said:

"I do not interpret the term 'supplying' narrowly — rather I interpret it broadly. The peoples fighting with us and for us can ask—and must get from the United States — those essential supplies to carry on the war effort, whether it be military or civilian, regardless of the methods of financing or procurement. It is the job of lend-lease to see not only that such supplies are made available, but also that they are shipped to those places where they are needed most at any given time. The financial aid furnished by lend-lease is just one of a series of factors, just one set of circumstances among many with which it is prepared to deal.

"This does not mean that lend-lease advocates a government procurement program, nor that it advocates the abolition of the normal channels of trade, nor that it advocates the establishment of domestic prices for export transactions; lend-lease has a job which must be done if we are going to win this war. It is up to the business men of America even more than the Federal Government to see that it is done. One, however, cannot do it without the other; they must work together and, in order to work together, there must be not only a common objective but a thorough understanding of each other's operations."

As to the basic question concerning lend-lease and foreign trade Mr. Young had the following to say:

"Is lend-lease responsible for the reduced business of the United States foreign trade fraternity? Is there in fact a reduction in business, by and large, or is the shoe only pinching in spots? And what is lend-lease doing to help foreign trade?

"I believe you may be interested in knowing how far lend-lease has invaded private trade in specific areas and commodities. I know you will understand the need for speaking in percentages rather than actual figures.

"For the first nine months of 1942, if we exclude export of military goods, lend-lease exports amounted to 50% of the total. This is an average of such figures as 61% for India, 91% for United Kingdom, 31% for British Africa, 63% for Australia and New Zealand, 88% for Russia, 60% for China and 2% for Canada and the British West Indies. No goods, it should be noted, are shipped to any parts of Latin America under lend-lease for civilian use or commercial distribution."

* * *

In his concluding remarks Mr. Young said:

"During the past half-hour or so I have attempted to give you a picture of lend-lease—what its basic job is, how it is doing that job, and what its policies are as regards the relationship of these operations to United States foreign trade. Of necessity this review has been sketchy and somewhat loosely connected. I think we might recapitulate the main points covered.

"First, the primary job of lend-lease as an organization has been to speed aid to those countries whose defense has been declared vital to the defense of the United States.

"Lend-lease steps in whenever difficulties of international exchange might otherwise hinder the free flow of mutual help or when, as in the case of military and some few critical non-military items, lend-lease methods can get the best war results most quickly and effectively. Whether exchanges of goods are made by lend-lease methods or by direct purchase, the aim is the same—to multiply the combined strength of the United Nations by the most efficient possible pooling of all our resources under coordinated global direction.

"Secondly, our review of the background and development of lend-lease has shown the early establishment of one basic concept—the necessity for the maintenance of civilian life in combat areas.

"Thirdly, our outline of the mechanics and operations of lend-lease has shown the extent to which we depend on other qualified government agencies to carry out our policies.

"Finally, we have indicated that the importance of the incidence of lend-lease on United States foreign trade has been appreciated for some time. However, this problem did not emerge as an immediate one until shipments of commercial-type goods under the Act began to assume sizeable proportions.

"Today, lend-lease exports are accounting for a significant proportion of total United States exports, even taking into consideration the greatly increased volume of trade. It is recognized that in handling lend-lease transactions, the tendency has been to by-pass the various private export agencies. It is appreciated that the national interest will be best served by maintaining experienced foreign trade organizations prepared to resume operations on a competitive basis to the fullest possible extent whenever conditions may so permit.

"Lend-lease has approached this problem in the closest cooperation with the Departments of State, Commerce and Treasury, as well as with the Board of Economic Warfare and with members of the export trade. So far we have arrived at the following points:

"1. Lend-lease is attempting to adjust its operations so as to cause as little harm to the export machinery of the United States as is possible, consonant with our No. 1 job of helping to win the war.

"2. As a first move in this direction, trade names are now being allowed on requisitions. They are being and will be considered by the procurement agencies as one of the factors to be considered in placing contracts.

"3. Where a foreign country can pay cash for goods the presumption will be that normal commercial channels of trade will be used. The use of the cash reimbursement requisition is being strictly limited to emergency cases, and it is believed that successful operation of the new Controlled Materials Plan will reduce markedly the need for this technique.

"4. In cases where a lend-lease government has approved a commercial transaction, this transaction shall not subsequently be switched under lend-lease unless there is just cause for such an action.

"5. Lend-lease is now actively studying ways and means of more closely tieing in the foreign trade organization of this country with our operations. Every effort will be made to see that any United States export representative, at home or abroad, will be reimbursed for legitimate services rendered to lend-lease. Valuable suggestions on this subject have already been received from representatives of the trade. I can only hope that by giving you here today a picture of our aims, our organization and our problems, we will receive many more such suggestions. You may be sure that we shall welcome them.

"The job we have to do is tremendous—and it is vital to every one of us here today. It is so tremendous that with all the help we could get, there would still be room for criticism and improvement. We would like your help, your advice, and your ideas. In return we offer you our cooperation, all information which we can properly release, and a promise of aid in solving your very real problems."

Value Of Advertising Proved By Bond Sales

The fact that such an overwhelmingly large part of war bonds sales have been made by banks, who have employed advertising paid for by themselves to do the job, again proves the economic value of advertising in a free economy, Lewis F. Gordon, First Vice-President of the National Financial Advertisers Association and Vice-President of the Citizens & Southern National Bank of Georgia, Atlanta, said on Feb. 8. He spoke at the regional conference of the Association in session at Chicago on Feb. 8. Mr. Gordon stated:

"Granted that the banks had all the psychological stimulus resulting from a nation at war, it does not detract one iota from the effect of the advertising. The post offices and other agencies had the benefit of the same stimulus—but they lacked the advertising—and to put it in the commercial—'they didn't get the business.'

"Another interesting reaction has come out of the sale of war bonds. It has proven conclusively that the people of the nation want to conduct their financing, whether it be personal, business, or Government, through their banks and not through post offices or other agencies. The banks of the nation have shown that they are adequate to handle any sound financing problem, local or national."

There is no question that the Government can and will raise the money to finance the war but who "supplies this borrowed money is largely up to the banks who must either buy these Government securities themselves or sell them to their depositors," Francis E. Patton, Executive Manager, 7th Federal Reserve District Victory Fund Committee, told the conference. He went on to say:

"War expenditures, now running at the rate of over $6,000,000,000 a month, will probably necessitate Treasury borrowings of about $69,000,000,000 in 1943. It is hoped that a major part of this can be borrowed from the public, outside the banking system. In any event, the commercial banks will purchase large amounts of Government securities, but such bank purchases create deposits (check money), and therefore such bond buying is inflationary and should be kept at a minimum," he said.

"The successful accomplishment of our task will require a continued and more active participation of all commercial banks in an effort to sell as large an amount as possible to others than banks. In every city and town commercial bankers are the financial leaders of the community, and this is the financial communities' job. Hundreds of thousands of volunteer workers will have to participate and men of financial background will be required to direct them.

"There is no question about the Treasury's ability to raise the large amounts of money required. However, the sources from which it is raised and the form the borrowings take is of vital importance to all of us.

"In an effort to avoid inflation, Government controls can be established which may endanger the existence of free enterprise in this country. We must win the war, and to do so we must borrow stupendous sums of money. Our Government can and will raise this money, but who supplies this borrowed money is largely up to the banks who must either buy these Government securities themselves or sell them to their depositors.

"The commercial banks of this country have done a magnificent job, have carried the brunt of the Government bond selling campaign, and will continue to do so until the war is brought to a successful conclusion."

Banks are having their troubles with manpower problems just as industry and agriculture are, and with them the situation is particularly troublesome because most positions require expert training and because customers have been so long accustomed to receiving the highest type of efficient service, Robert Lindquist, public relations officer of the American National Bank & Trust Co., Chicago, told the FAA conference. He stated:

"Banks cannot point to empty shelves or overflowing lobbies and adopt a 'take-it-or-leave-it' attitude. Customers come in expecting no restrictions in the service to which they have become accustomed, and smarting perhaps from insults and delays suffered in other establishments, may be more critical than ever of their banks. The war has not brought a revolution in bank public relations but it has brought a revolution in the technique of bank public relations. The key to this technique is personnel."

L. E. Townsend, President of the Financial Advertisers Association, told the 150 banking and financial advertising men that while the banking profession had won a fine tribute for its part toward winning the war, "we cannot continue to operate after the war on a tribute, no matter how glowing it may be."

He pointed out that with the opportunities of peace, there will come attendant responsibilities, and urged the extension of bank services to serve a much larger segment of the population.

"To gain a friend, you have to be one," he asserted. "The banks have been serving, but we have not been serving enough people. You can't expect a person to be your friend if you serve him once in six months. We must serve more people, and serve our present customers in more ways, more often."

Mr. Townsend declared that every person should be as accustomed to going to the bank as to the corner drug store or grocery store, and believes that bankers should hold as an objective that, 'anybody who is making a living should have a checking account."

Harvard To Survey Radio Advertising

A post-war advertising research project to assist business in the use of radio advertising will soon get under way at the Harvard Business School, Dr. Melvin T. Copeland, Director of Research at the school, announced on Feb. 12. This survey of radio advertising will be conducted by Professor Charles H. Sandage, Visiting Professor of Business Research and head of the 1935 Bureau of the Census' investigation of broadcasting.

The project will study the experiences of local users of radio advertising in all sections of the country and hopes to define the role that advertising will play in the marketing of peacetime products. It is further hoped that the results will furnish retailers, service operators, local manufacturers, radio stations and advertising agencies with information which will aid in the use of advertising.

An advisory committee of three Harvard Professors will be composed of Neil H. Borden, Professor of Advertising; Harry R. Tosdal, Professor of Marketing, and Malcolm P. McNair, Professor of Marketing.

Rickenbacker To Speak In New York Today

Captain Edward V. Rickenbacker, who was rescued from a Pacific grave while on a mission for Secretary of War Stimson, will be the speaker at a luncheon of the Commerce and Industry Association of New York in the grand ballroom of the Waldorf-Astoria today (Thursday), Feb. 18, at 12:30 p.m. Lt. Gen. Henry H. Arnold, Commanding General, U. S. Army Air Forces, originally had been scheduled to address this luncheon, but word has been received from the War Department in Washington that, due to the exigencies of war, General Arnold had been compelled to postpone this engagement until a later date. It is expected that General Arnold will be able to be the Association's guest some time in March.

Restrictions on Tire Recapping to End

According to an Associated Press dispatch from Washington, D. C., a decision has been reached by the OPA to eliminate ration board control over recapping of passenger automobile tires with reclaimed rubber. This order, it was stated, is not to be issued until about March 1.

Under the present system, rationing boards automatically issue certificates for recapping tires if a tire inspector declares it is needed. Under the new procedure, a holder of an "A," "B" or "C" gasoline ration card may get a recap job done without any inspection, certificate or other delay.

Issuance Of $660,000,000 Reserve Notes Called Dangerous Inflationary Action By Taft

Criticism of the issuance of $600,000,000 of Federal Reserve Bank notes in December was voiced on Feb. 4 by Senator Taft (Republican) of Ohio, who characterized the Federal Reserve Board's move as the "most dangerous class of inflationary action." Senator Taft called for immediate retirement of these obligations and Congressional repeal of the law authorizing them, according to advices to the New York "Journal of Commerce" from its Washington bureau, which in part also quoted Mr. Taft as stating in the Senate:

"We have been told for many months of the great danger of inflation. The President himself has sent us several messages dwelling on the damage which it would cause, and last September he regarded it as such a tremendous danger that he threatened to fix prices and wages himself without legal authority if Congress did not act promptly on the anti-inflation measure.

"I was the more surprised, therefore, to learn of the action of the Federal Reserve Board taken in December, resulting in the issuance of $660,000,000 of Federal Reserve Bank notes, which are the exact equivalent of greenbacks. I do not know any policy more likely to bring about inflation than the issue of paper currency without reserves and resting for its value on the unsecured promise of the Government.

"In the name of preventing inflation, one department of Government is subjecting the people to every form of fascist control in the regulation of prices, wages and rationing, while another department is engaged in inflating the currency."

In part the account from which we quote also said:

"Senator Taft said he had written to the heads of the Federal Reserve Board and the Treasury, and had obtained replies outlining the action and reasons for it. The notes, he said, were issued under authority of Section 18 of the Federal Reserve Act of 1913, as amended in 1933, at the time of the bank crisis. The amended Section 18 was passed while the banks were closed, in order to provide a liberal supply of currency, in case there should be any runs on the banks when they were opened, he said.

"Section 18 provided that no note should be issued under its authority after the President had declared by proclamation that the emergency recognized in the proclamation of March 6, 1933, had terminated.

"But the President did not declare an end to this emergency," Senator Taft said. "And I don't believe he will ever declare an emergency to be terminated."

Since the bank emergency was never formally terminated, the Treasury took advantage of the amendment to issue some of the old notes printed in 1933, he said. The act authorized any Federal Reserve bank to deposit Government bonds or commercial paper with the Treasury, and against the security of such obligations to issue its own notes known as Federal Reserve Bank Notes, he declared.

"It was recognized at the time that this was not a permanently sound procedure," Mr. Taft said, "because it resulted in effect in the monetization of the national debt. It was not extensively used, only $265,000,000 being issued in 1933, and all but $18,000,000 of these have since been retired.

"Apparently someone in the Treasury found in some back drawer the $660,000,000 of notes which had been printed and never used in 1933," he went on, "and he got the bright idea that they might as well be issued now. So a method was devised which is even more unsound than the original issue of the notes under emergency conditions."

On Feb. 3 Representative Frank B. Keefe (Republican) of Wisconsin addressed the House on the subject, defending the course of the Governors of the Reserve Board in issuing the $600,000,000 of Reserve Bank Notes to member banks. At the same time he denied that the action was taken to secure for the Treasury use of $660,000,000 without interest for the period during which the notes remain in circulation. From Washington advices to the "Journal of Commerce," reporting this, we also quote in part as follows:

"That the latter was not one of the objectives of the issue is apparent from the circumstances surrounding the action, Mr. Keefe argued.

"It cost the Treasury about three-eighths of 1% a year to borrow the money which it would have had to have if the notes had not been issued in the manner indicated," he said. "But in that case Federal Reserve banks would have had to pay the Treasury a one-half of 1% tax on these notes. Therefore, as a matter of fact, the Treasury sustained a nominal loss as a result of using this method of issuing these Federal Reserve Bank Notes."...

"I do not want it to be thought that we do not have very critical problems facing us in this matter of currency inflation, but on the other hand, I do not feel that the people of this country should be scared by statements of members of Congress or other persons into the belief that their currency is being rapidly depreciated.

"I am convinced, first, that this transaction was clearly authorized by existing law. When the Federal Reserve Bank gave the Treasury of the United States a deposit credit of lawful money, then the Reserve Bank's liability was extinguished and they were entitled to withdraw the Government securities that were pledged to secure issuance of these Federal Reserve Notes. If you will turn to your daily Treasury statement, you will see that these notes are carried as a direct obligation of the United States Government.

"It is true that these notes as now issued are no longer secured by the deposit of United States bonds or by like deposit of other securities. The fact is, as I have tried to point out, that they are secured by a deposit of lawful money of the United States brought about when the Federal Reserve Bank gave a deposit credit to the Treasurer of the United States."

An earlier reference to the issuance of the Bank Notes appeared in these columns Jan. 28, page 367.

U.S.-Belg. Lend-Lease Pact

A reciprocal lend-lease aid agreement, formalizing the principles of mutual assistance against the enemy, was signed on Jan. 30 by the United States and Belgium. This was revealed in an exchange of notes between Secretary of State Cordell Hull and Count Robert Van der Straten Ponthose, Belgian Ambassador to Washington.

It is said that the agreement is similar to those entered into last September with Great Britain, Australia, New Zealand and the Fighting French, referred to in these columns of Sept. 10, 1942, page 894. However, it is explained Belgium has been extending reciprocal aid for some time without awaiting formal signature of the agreement.

The signing of the master lend-lease pact by Belgium was noted in our issue of July 2, 1942, page 22.

New York Industries Organize For Red Cross

Eight major New York industries, including aviation, transportation, communications, office equipment, have mobilized their executives and resources for the 1943 Red Cross War Fund Campaign. The industrial group, organized as Section 8 of the Commerce and Industry Committee of the Fund, is headed by William B. Given, Jr., President of the American Brake Shoe and Foundry Co.

The Commerce and Industry Committee, of which Eugene W. Stetson is Chairman, to date has organized 278 major divisions of the city's industries, banks, commercial houses and the professions.

A campaign to recruit volunteers to assist the division chairmen also is under way under the leadership of Mr. Stetson, Bernon S. Prentice, Vice-Chairman of the Commerce and Industry Committee, and Elliott H. Lee, Executive Vice-Chairman.

Serving with Mr. Given in his industrial and business group are: James Boyd, Eastern District Manager Western Electric & Supply Co., Chairman of the Electrical Industry Division; Benjamin Botwinick, Taxicab Bureau, Inc., Taxicabs; W. Gibson Carey, Jr., President Yale and Towne Mfg. Co., Hardware; S. C. Duggan, Omnibus Corp., Bus Lines; E. C. Faustmann, President Royal Typewriter Co., Office Equipment; Leon O. Head, President Railway Express Agency, Inc., Express Companies; W. C. Horn, W. C. Horn Bros. & Co., Stationery; James W. Hubbell, President of New York Telephone Co., Communications; T. A. Morgan, President Sperry Co., Aviation; Charles A. Owen, President Imperial Coal Corp., Coal-Coke-Ice Division; L. D. Seymour, Vice-President Dodge & Seymour, Ltd., Exports and Imports; A. W. Pickett, President A. W. Pickett, Inc., Automotive; J. B. Smull, Vice-President J. H. Winchester & Co., Chairman Maritime; J. P. Spencer, Vice-President American Brake Shoe & Foundry, Chairman Railroad Supplies; William White, President Delaware Lackawanna, Chairman Railroads Division.

Congress To Rule On Pay Of Govt. Printing Office

The National War Labor Board announced on Feb. 8 that final power to rule on certain wage and salary increases in the Government Printing Office has been given to a Congressional Committee. The WPB announcement said:

"About 8,000 employees of the Government Printing Office who are under the jurisdiction of the National War Labor Board will have their wage or salary adjustments ruled on by the Joint Committee on Printing, of which Senator Carl Hayden of Arizona is Chairman.

"General Order No. 28 delegates final authority to the Joint Committee on Printing to rule on wage and salary raises for GPO employees, but the Committee will act within the limits set for wage increases under the Wage Stabilization Act passed by Congress on Oct. 2, 1942."

Labor Department Corrects Cost Of Living Report

The U. S. Department of Labor has issued a correction of its report on "The Cost of Living," Dec. 15, 1942, which appeared in these columns Feb. 4, page 509. The first sentence of paragraph 4 should read: "Housefurnishings on the average remained unchanged from mid-November to mid-December, with increases reported from 4 of the 21 cities covered monthly," instead of "Housefurnishings rose on the average 0.2%."

Pay-As-You-Go Tax, Less Group Favoritism Needed To Battle Inflation, Says Heimann

Pay-as-you-go taxation and a lessening of group competition for economic favors are two important aspects of the anti-inflationary battle, Henry H. Heimann, Executive Manager-on-leave of the National Association of Credit Men, declares in the association's Monthly Business Review, released Feb. 15. "Inflation, like the weather, is something almost everyone is talking about," he points out, "but, unlike the weather, we can do something about it if we exercise will and economic foresight." Up to this point, Mr. Heimann says, "our efforts have been diluted with well-expressed intentions and excess verbiage. We have had the appearance of action but much less of the reality. Yet, unless we can get sound and complete action—and that rather soon—the inflationary trend will become graver and soon there will be little use discussing counter-inflationary measures."

One of the best checks to the inflationary spiral is taxation, he says, for thereby "we remove from the stream of purchasing power some of the force that sweeps prices onward and upward. This session of Congress is already beginning to consider tax proposals," he said and "second to the actual war effort, sound taxation policies can be a prime contribution to the war." Mr. Heimann added:

"While our taxation program must be considered from all aspects, there is now an urgent need for action in one respect. A pay-as-you-go program must be the first order of tax business in Congress.

"Let us assume that as an individual your tax bill will be $600 for the year or, if in business, that your tax bill will be $60,000. Now, if you had to stop at the bank before you reached your office to make a deposit of $2 or $200 each business day toward your tax bill, it would no doubt have a priority in your daily thinking and activity.

"Yet, such an interest in forthcoming tax legislation is merely the discharge of citizenship responsibilities. Thus each of us can make another contribution to victory in the war and stability in the post-war era.

"Attention and action now may well mean the difference between insuring the kind of country we profess to be fighting for and one our negligence might bequeath to us."

Taxation, alone, will not check the trend towards inflation, Mr. Heimann said, listing "other aspects worthy of our deepest consideration." Group competition for economic favors is an important one. He further commented:

"Farmers, for example, contend they need higher prices to maintain their status quo; wage earners want higher wages to offset the rising cost of living; business men claim charges must be upped to meet higher taxes and other costs and thus enable them to salvage a reasonable part of their earnings.

"Everyone abhors inflation and, in turn, everyone seems to be trying to evade the sacrifices necessary to prevent it.

"Our fighting men have little choice as to their sacrifices. Isn't it time that we ask our pressure groups to stop, look and listen before they unheedingly push inflation further along its devastating path?

"From the experiences of the last war we know that rising prices are illusory. They add to the total cost of prosecuting the war. They bring maladjustments in wage structures and disagreements that lead to production curtailment. They make necessary the imposition of higher and higher tax rates.

"And, finally, either during or after the war period, the economic assessments in such form as increased taxation, higher costs, and subsequent deflation invariably prove that neither individuals nor the nation can benefit fundamentally.

"In the end, the wage earner, the farmer, the business man, those who live on fixed incomes—and let us not overlook the coming generations—are worse rather than better off because of the easy dollars that were garnered during the war period. These self-evident truths are simple to understand but, nevertheless, each of us needs reminding time and time again."

A month ago it was pointed out by Mr. Heimann that four mandates laid down by the American people for the new Congress in connection with national and international policy present it with "a great opportunity." At that time he said:

"Certainly the foremost requirement, a mandate that overshadows all else, is the call that nothing stand in the way of an all-out intensive effort to use our national resources and energy to win this war—and to win it in the speediest, most efficient manner. Any measure introduced into Congress which challenges this mandate will get little hearing from the responsible leadership of either party."

The second mandate of the people is that no expense be spared in winning this war, but that the funds be judiciously disbursed and that the normal domestic programs, calling for huge outlays that do not contribute materially to the war effort, be deferred to the post-war period. "The American people will dig down deep to get this war over with, but they have no desire to pay for non-essential expenditures. The Congressional leaders are aware of this and large peacetime expenditures, hitherto acquiesced in, can expect to be challenged.

"The third mandate from the people is two-fold. First, that the expense of this war be distributed on a fair basis. Second, that payments be arranged so that each taxpayer can discharge his obligation arising out of the war on a pay-as-you-go basis."

The final mandate that should be noted, said Mr. Heimann, "although it does not complete the list, is based on the deep-seated conviction that this war must be the last world war and that the peace must not be lost."

House Will Continue Small Business Inquiry

A resolution extending for two years the life of the House Committee on Small Business was passed by the House on Jan. 22. The Committee, which was created in the last session of Congress, was authorized to continue in its effort to aid the small businessmen of the nation. Representative Patman (Dem., Tex.) was reappointed Chairman of the Committee, whose membership was increased from seven to nine.

Several members of the House made the assertion that while the condition of the small businessmen is improved they are not being taken care of to the extent they should be. Operation of the Smaller War Plants Corp. was criticized as not effectively functioning in aiding the small manufacturer to obtain contracts and indications were that the recent change in the management of the corporation will be followed for progressive results.

Withholding Tax At Source As Method Of Curbing Inflation Urged By Elisha Friedman

(Continued from first page)

in April and October. In Canada installments on tax due are paid in April, June and August. But from August to the next April no payments are due. Thus a withholding tax could be started in both countries more easily than in the U. S. where the tax on 1941 earnings was not settled until December, 1942."

In advising the Committee that it is not too early for its experts "to consider some post-war problems," Mr. Friedman noted that "the high rates of tax in the top brackets now constitute a wartime sacrifice, cheerfully borne. But after the war such high rates will check economic recovery and prevent re-employment of the returning soldiers." "We must," he said, "study the defects of the corporation tax and the merits of the British system of taxing not the producing corporation but the consuming stockholder. And herein lies the merit of the spending tax, but not superimposed on top of an already steeply graduated income tax," and he asserted that "we must eventually shift from a graduated tax on income to a graduated tax on expenditure."

Mr. Friedman's statement follows in full:

The individual income tax has been raised sharply in the lower brackets. People in the lower brackets do not budget their income or keep books. Therefore a withholding tax is desirable. The withholding tax would also make it possible rapidly to change rates up or down as conditions require.

Incomes in the lower brackets have risen sharply and threaten inflation. A withholding tax promptly withdraws excess purchasing power. Yet we can have deduction at the source without adopting all of the features of the Ruml Plan.

The number of income tax payers has risen from about eight million in 1940 to an estimated 44 million in 1943. This raises problems of collection and administration by the Treasury which a withholding tax should lessen and not increase.

Our tax rates in the lower brackets are still low compared to other countries. But in other countries the tax is collected weekly or monthly at the source. Such a method makes possible higher tax rates than under the present method of paying quarterly or annually.

The British normal tax is 32½% for the first $660 of taxable income and 50% above that. The surtax begins at $8,000 at 10% and rises to 47½% over $80,000. The combined normal and surtax rate is therefore 97½% over $80,000. To reach the level of the British normal tax and after allowing for specifically American hidden taxes, our normal rate could be raised by about 25% if a withholding tax is adopted.

Whom to "Forgive"

For the year 1943 Mr. Randolph Paul estimates that there will be 44 million taxpayers. But 40 million will have an income of less than $2,000. It would simplify the Treasury's administrative problem if it forgave the 1942 tax for this group or taxed them at 1941 rates, so that many would be forgiven automatically. They could then be taxed currently. The remaining four million taxpayers with incomes over $2,000 could continue to stay one year behind. That administrative problem for this group is manageable. It has been manageable from 1917 up to date, including the 1921 deflation, the 1930-32 panic and depression, and the 1938 collapse. If the little people's tax administration could be further simplified by dispensing with the filing of a final return, the Treasury's field men could check the little people through the employers. In both Belgium and Germany no returns are filed for wages and salaries below certain limits, if there is no outside income. But in Great Britain even the smallest people file a return and the British officials in the U. S. can tell your committee what a difficult and costly problem of tax administration this constitutes.

For people with taxable incomes below $2,000 and for the approximately 30 million new taxpayers, the Treasury could forgive them and collect tax by deducting at the source from current income. Deduction at the source is merely a method of payment. It is essential for people who are on a cash basis and do not keep books. It is not essential for taxpayers who are on an accrual basis and do keep books.

To forgive the 1942 income tax for those who paid no tax for the year 1941 merely defers by one year their entrance into the class of income tax payers. However, their future taxes are bound to be higher if the experience of Canada, Great Britain and other countries is a guide. The forgiveness is merely temporary. They will pay more later. For the top brackets who are so close to 100%, the rates cannot rise appreciably.

Collection at the source is simple for employees. The employer becomes a Treasury agent, as he is in most other countries. For the self-employed, farmers, small merchants and professional men, they could pay quarterly out of current income, a sort of self-withholding. But they must file a return, because, unlike the employees, the Treasury agents have no other way of checking the tax.

To forgive the 1942 tax for everybody is not to treat them equally but unequally. The law already provides standards of equality of treatment. All taxpayers have the same exemption or lower limit of income. All taxpayers receive equal credit for dependents. To forgive equally would require that the same amount of tax be forgiven. The taxpayer in the high brackets sets up a reserve or buys tax anticipation warrants. The tax debt for 1942 is already set aside and is available in 1943. He does not need forgiveness. Certainly, the present basis could be continued for the upper groups. They were up-to-date in the past and they could continue to be up-to-date by the same methods.

For the small taxpayer the Treasury might forgive up to a certain limit of income after exemption, say $2,000 or $3,000. Or else the taxpayer on 1942 income could figure his tax on the lower 1941 rates payable in March, 1943. This would exempt or forgive those new taxpayers, taxable in 1942 but not taxable in 1941. Then, on 1943 income the tax on wages and salaries could be deducted at the source at 1943 rates payable in 1943. The upper limit, whether it be $2,000 or $3,000 or $4,000 is a matter for technical study.

We could perhaps adopt the German and Belgian system of segregating these taxpayers from the others. These would not file a return. But the deduction by the employer at the source, weekly or monthly, would differ for single, married without children, or married with children. In other cases, where the taxpayer is self-employed or has income from securities and he must file a return, it should be possible to shorten the time of the last payment from December to August, as in the case of Canada, or earlier. The question of graduating the amount of forgiveness on a schedule likewise is a matter for further technical study.

Our Lag In Paying Taxes Makes Transition Difficult

Much of the current tax difficulty is caused by the long lag between the time when the income is earned and when the tax on it is paid. In Great Britain on earnings through December the tax is due in one lump sum next April. For the wage earners the payments are made every six months, within twenty-one days of the close of the half-year,—April to October, and October to April. In Canada installment payments on tax due are permitted in April, June and August. But from August to the next April no payments are due. Thus a withholding tax can be started there more easily than in the U. S. We can shorten our time, gradually and over a period of years, so that the last payment would be made not in December but on the Canadian or British pattern.

In addition to the mandatory method, the Treasury could induce anticipation of taxes by allowing an attractive rate for payments in advance.

During the transition to a pay-as-you-go basis, the sums that were intended to be reserved for compulsory saving could be used to effect the transition. The present increase in burden on the taxpayer could be made good after the war by lowering tax rates. This method would be just as good as redeeming or refunding compulsory savings. The principle is the same; it is only the terms that are different.

After the 40 million small incomes have been brought under the withholding tax, the problem of the remaining 4,000,000 taxpayers could be taken up later when the Joint Congressional Committee has completed a study on withholding taxes in foreign countries that have been operative for many years. Great Britain has had an income tax since 1842, and for 101 years the British taxpayer always had a tax debt. Of course, if it becomes desirable to do any forgiving it would be simple to do so in years when tax rates are being reduced, as they must be after the war if there is to be a smooth transition to peace. When rates are lowered, it should be possible to pay twelve months' taxes in nine months. Such a three months' advance would in three years make the taxpayer almost current. In any event, the final payment date should be after the close of the year. Thus a definitive tax return would be accompanied by a final payment to adjust exactly for the net balance of tax due. Otherwise the taxpayer must file a new or revised return after the close of the year.

Comments on Ruml Plan and Substitutes

Mr. Beardsley Ruml deserves great credit for having educated the country on technique of taxes. The current widespread interest in fiscal technique is without parallel. The most dismal part, taxes, of the dismal science, economics, has been made to live. For this Mr. Ruml deserves great credit, and as he modestly states, he wished merely to sharpen thoughts on the question.

However, some of the opinions of Mr. Ruml call for comment. He says that the income tax produces a liability on the taxpayer. That is true. The British taxpayer has thrived under this liability for 100 years. Such a liability runs during one's productive life. The only way to escape is to die or become incompetent.

Proposals have been made that the 1942 tax should be paid over a series of years. If deduction at the source is applied only to the lower brackets, the rest of the taxpayers can pay in the immediate year following. Again, Mr. Ruml says that people did not save money out of last year's income to pay the taxes on that income. This is indeed serious for those whose current income has disappeared or sharply decreased. Such hardship cases have been and can continue to be solved by the Treasury. In the 21 years of income tax collection, the government received $82.0 billion. The total tax abated was only $242 million, or 0.3%.

For those whose income is stable or rising, as in a great majority of cases, the taxpayer has been using his current income to pay not only his current tax but also to pay his debt on automobiles and refrigerators and to buy $1,000,000,000 of war bonds monthly.

For the top brackets, forgiveness does not seem necessary. These top taxpayers have been on a current basis for a long time. They have a Ruml plan already. They buy tax anticipation warrants and thus pay as they earn. On the payment date the certificates mature, but the tax has already been paid. Since these taxpayers are on an accrual basis, they could pay both last year's taxes for which the cash is reserved and this year's taxes as reserves are accrued. But this is not necessary. They can continue on the present deferred payment basis.

For the middle brackets, forgiveness is unnecessary if they must not pay two years' taxes in one. A complete withholding tax, including supertaxes, would require such forgiveness. A withholding tax applying to the lower brackets or to normal income deducted at the source does not require forgiveness.

The suggestion that the tax payment be based on the average of two years' income, or the further suggestion that the taxpayer defer his payments for 1942 over a series of years, become unnecessary if only the low brackets are subject to deduction at the source and pay currently, while the rest of the upper taxpayers continue to pay the tax in the year immediately after the liability becomes fixed.

Besides, after the war taxes must be lowered. Under the plan of paying in advance the taxpayer will be overpaying and creating a problem of refunds. The argument that income taxpayers in the top bracket who are forgiven one year's tax would ultimately be caught by the inheritance tax does not seem sound. If the money is spent it will not be in the estate to be taxed.

There is another difficulty in the proposal to pay taxes in advance. For the past 20 years few tax laws were ready before the March 15 payment date. Therefore, the taxpayer would have to make two guesses, before paying —first, what his income would be for the year, and second, what the tax rate would be. We are not in a period of stable tax rates.

Again, under the pay-in-advance plan, the taxpayer would have to make a tentative return and either a final return or a revised return. For 40 million taxpayers it would be 80 million calculations. Where will we find enough revenue officials for such a job? The problem can be simplified by throwing the 40 million small taxpayers into a separate category where the employer deducts at the source and the taxpayer files no return. For the remaining four million taxpayers in the higher brackets the return cannot be made out before the year ends, although the payment can be required soon thereafter.

Again, Mr. Ruml does not propose that corporations pay in advance but only that individuals and partnerships should. Why are the corporations not included? Is it because they keep books on an accrual basis and set up reserves? Taxpayers in the upper brackets do likewise. Why do we have to catch up on tax liability alone? The American public has vast other liabilities. Installment debt outstanding in September, 1941 was almost $7 billion, owed by little people. Mr. Rockefeller does not buy on the installment plan. These little people's income tax debt from year to year is small by comparison. We have other debts beside tax debts. The private debt is $77 billion and the private interest payable is $3.3 billion yearly.

The Ruml plan is not pay-as-you-go but pay-in-advance. Its progenitor is R. H. Macy's D.A. (Depositor's Account). You put down your cash before you buy. Mr. Ruml transferred this plan of a department store to the Federal Treasury. But to the department store customers the plan is optional. For the taxpayer it would be mandatory. Mr. Ruml now says that we are all in debt to the Treasury, therefore we should pay in advance. Macy's used to advertise on New Years Day, up to the year 1938, "No one is in debt to Macy's." But the advertisement did not say "Macy's is in debt to all their customers," on the D.A. account. On the Ruml Plan no one will be in debt to the Treasury, but the Treasury will be in debt to all the taxpayers. However, Macy's, after 1938, adopted the Ruml Plan in reverse. They shifted from the D.A., or "depositor's account," to the "charge account" basis. From cash in advance they moved to a time-payment basis. Instead of Macy's being in debt to the customers they allowed the customers to be in debt to Macy's.

How would the Ruml Plan work in other fields where the American public has been heavily in debt? Suppose General Motors, in selling automobiles, should ask for cash in advance and deliver the automobile later. This is suggested by the OPA now in order to check inflation, but it is not a permanent peacetime policy. The only case where the Ruml Plan was applied to automobile purchases was in Nazi Germany. Hitler's "Volkswagon" or People's Auto, was paid for in advance, but the people never got the car. Under the Ruml Plan the Treasury instead of getting taxes due to it would be receiving cash in advance. The Treasury would then have a liability to the taxpayer. Now the taxpayer has a liability to the Treasury. If this gives him a headache, perhaps the pay-in-advance plan would give the Treasury a headache. It would become a bank.

Foreign Experience

Deduction at the source has been applied in other countries. In Belgium and Germany a withholding feature was introduced simultaneously with the income tax in the 1920's. The wage earning class files no returns. Instead the income tax is deducted weekly or monthly according to a chart showing the normal tax plus super-tax for single persons, married, with allowances for children. Neither Belgium nor Germany had the problem of transition. In both countries taxpayers must file a return if they have other income above a certain limited amount. In both countries all taxpayers are on a pay-as-you-go basis, subject however to the adjustment for super- taxes in the upper brackets.

Canada introduced the withholding tax, not because of worry that the taxpayer was in debt to the Treasury, but because the Treasury wanted to get the taxes in more quickly. The withholding tax was introduced in September, 1942 because by August, the tax for 1941 was completely paid. The Canadians think well of the plan for the new taxpayers. The Treasury gets the money when and where the money is.

Great Britain introduced the withholding feature in September, 1941 for wages. The wage earner used to be assessed not by years but by half years, from April to October. He had to pay within 21 days after the end of the period. Therefore, it was easy to introduce a withholding tax when only 21 days lagged. But our workers lag from Dec. 31 to the following Dec. 15.

To introduce a withholding tax

we would have to reduce the lag between the end of the income year and the date of the last tax payment therefor. The lag could be reduced within a period of three or four years. Or else, we would have to forgive a year's tax.

Great Britain long had deduction at the source of tax on dividends, but they never taxed the corporation itself as we do. The British taxpayer, not in the wage earning class, still pays each year on the income received in the preceding year. The British never forgave any tax. The cost of administration of the small tax returns is very great.

There are available in New York tax experts from Republican Germany, Great Britain and Canada, who could be consulted by your Committee's experts.

Post War Problems

Mr. Ruml has focused attention on the defects of our tax technique. For this he deserves credit. But it is not too early for the committee to consider some post-war problems. The high rates of tax in the top brackets constitute a sacrifice, cheerfully borne during the war. But after the war such high rates will check economic recovery and prevent re-employment of the returning soldiers. In total yield the high rates are not productive to the Treasury. These high incomes are the source of risk-capital and expansion. The Capital Gains Tax so successfully amended last year needs further revision. It is not out of tender mercy for the rich, but to quicken private enterprise by liberating the source of investment funds that we must act. We must study the defects of the corporation tax and the merits of the British system of taxing not the producing corporation but the consuming stockholder. And herein lies the merit of the spending tax, but not superimposed on top of an already steeply graduated income tax. We must eventually shift from a graduated tax on income to a graduated tax on expenditure. The businessman who follows the old American doctrine of plain living, hard working and high thinking, and re-invests his funds in business and thus creates employment, should not be taxed on the same basis as some incompetent wastrel who drools away his inheritance. In the fervor of discussion aroused by Mr. Ruml, let us not forget some of the fundamental principles of taxation which will be just as pressing no matter what part of the Ruml plan we adopt.

(Mr. Paul's statement before the Committee was referred to in our Feb. 4 issue, page 490.)

Postwar Unity For Peace Pressed By Hull

Secretary of State Hull declared on Jan. 25 that the peoples of the United Nations must stand united after victory in the performance of the great tasks of peace.

In a message of greetings to the participants in a United Nations discussion at Constitution Hall, Washington, Secretary Hull said, according to the Associated Press Washington advices:

"The nature of the peace settlements concluded at the end of the present conflict will fundamentally depend upon the deep desires and underlying conviction of the great rank and file of peoples which make up the United Nations.

"It is therefore of profound importance that the peoples of each of these United Nations should understand the thoughts, the ideals and the purposes of the others.

"We are united in fighting to free and keep free our country and all countries from such tyranny and slavery as the Axis powers seek to impose. We must likewise stand united, beyond the victory, in the performance of the great tasks of peace.

"Our unity of purpose must be based upon two unalterable resolves: To destroy utterly the forces of dictatorship, tyranny and inhumanity as exampled today in Germany and Italy and Japan; and, once that is accomplished, to press forward with the task of building human freedom and Christian morality on firmer and broader foundations than ever before."

In expressing gratification on Jan. 26 over the decisions of the North African conference Secretary Hull stated:

"The proceedings and the decisions of the conference, which were most wise and timely, are of the most far-reaching importance," he said. "They will prove of the greatest interest to all of the nations with which we are associated in this war.

"I shall hope soon to comment on some of the more vital phases."

FDR Confident Of U. S. Victory In Africa

In a message commending the American soldiers in North Africa, released on Jan. 28, President Roosevelt said he returns to the United States with renewed confidence that they "shall be victorious."

The message was made public by Lt. Gen. Dwight D. Eisenhower, commander-in-chief of the Allied expeditionary force in North Africa. It follows, according to Associated Press advices from Allied Headquarters in North Africa:

"My brief visit to North Africa has given me increased assurance and a deeper feeling of pride in the leaders and men of the American armed forces. The officers and men who landed with the initial assault, those who are now carrying on at the front in Tunisia, and those who are training themselves for future combat are deserving of the highest commendation.

"I could not but note your alertness, your smartness and the pride you take in yourself and your splendid equipment. I return to the United States with renewed confidence that the American soldiers, equipped with the best equipment the world can produce, led by men who have proved themselves in battle, and all imbued with the will to win, shall be victorious.

"Officers and men of the armed forces in North Africa—I commend you.

"President Roosevelt, Commander-in-Chief."

Wiley Rutledge Seated On Supreme Court

Wiley B. Rutledge was sworn in on Feb. 15 as an Associate Justice of the United States Supreme Court. Witnessing the ceremony, performed in the court, were members of his family, members of the Court of Appeals and the Federal District Court and a group of Senators and Representatives. The oath to support the Constitution was administered by Chief Justice Harlan F. Stone in the presence of the other seven members of the court.

Mr. Rutledge, who was formerly an Associate Justice of the U. S. Court of Appeals for the District of Columbia, was nominated by President Roosevelt on Jan. 11. The Senate confirmed the nomination on Feb. 8, with Senator Langer (Rep., N. D.) voicing the only opposing vote.

Justice Rutledge was named to fill the vacancy created last October when James F. Byrnes resigned to direct the Office of Economic Stabilization. The new appointee is 48 years old and a native of Kentucky, but claims Iowa as his residence. Justice Rutledge was Dean of the University of Iowa Law School from 1935 until 1939 when he was named to the Court of Appeals.

The naming of Justice Rutledge marks the first time the President has filled a vacancy on the high court from the Federal bench. Mr. Roosevelt's previous seven appointments to the Supreme Court were from the Government's executive department, the Senate or from private life.

The resignation of Mr. Byrnes was noted in our issue of Oct. 8, page 1273.

Sproul Re-elected To Open Market Com.

The Federal Reserve Bank of New York announced on Feb. 9, that as now directed by statute, the Directors have re-elected Allan Sproul, President of the bank, as a member of the Federal Open Market Committee for the year beginning March 1, 1943, and ending Feb. 29, 1944. The Directors also elected Leslie R. Rounds, First Vice-President of the bank, as an alternate to Mr. Sproul to serve in his absence.

The Federal Open Market Committee created by Section 12A of the Federal Reserve Act, as amended, consists of the members of the Board of Governors of the Federal Reserve System and five representatives of the Federal Reserve Banks chosen annually. In accordance with an amendment to the Federal Reserve Act, which was approved July 7, 1942, one of such representatives of the Federal Reserve Banks is to be elected by the Board of Directors of Federal Reserve Bank of New York. The other 11 Federal Reserve Banks are divided into four groups, each containing two or three banks, and each group elects a representative to serve on the Committee.

Last year Mr. Sproul served as representative of the New York and Boston Reserve Banks.

WPB Announces Plans To Break Bottlenecks

Plans for the organization of special industry committees, or "task forces," to participate in the campaign for breaking bottlenecks in production of critical common components were announced on Feb. 9 by Donald M. Nelson, Chairman of the War Production Board.

This move, it was announced by the WPB, represents an important step in the development of over-all production scheduling, involving the cutting down of backlogs by redistribution of orders, increasing labor supply in short plants and, in general, adapting the particular industry for more intensive production. The WPB announcement further stated:

"The plan is a simple, straightforward, emergency method of breaking industrial bottlenecks by the most intelligent utilization of all industrial facilities, small as well as large. All final decisions relating to matters such as redistribution of orders will be made within WPB, after careful review. It is planned, moreover, that smaller facilities will be brought into the picture through the Smaller War Plants Corporation.

"Critical common components which are causing trouble include parts and accessories of planes, ships, tanks, guns or other campaign material for which manufacturing facilities are limited, but which are needed in greater quantity.

"Among such items upon which attention is being focussed are gears, valves, Diesel and gasoline engines, crankshafts, compressors, pumps, heat exchangers, welding rods and electrodes, electric motors, starters and generators, boilers, vacuum tubes and control instruments.

"Plans to break these bottlenecks originated in the office of Charles E. Wilson, WPB Production Vice-Chairman, and are being developed and carried out by Ralph J. Cordiner, Director General for War Production Scheduling, who reports to Mr. Wilson."

The drive began on Jan. 20 when the Production Vice-Chairman directed letters in the matter to the heads of the 14 claimant agencies, such as the Secretaries of War and Navy, Lend-Lease Administrator, Petroleum Administrator and Rubber Director.

New Censorship Rules For Messages From U. S.

The Office of Censorship issued on Feb. 4 uniform regulations governing all communications entering and leaving the United States. The new regulations, replacing separate rules for postal, cable and telephone communications, cover all outgoing press dispatches, periodicals, books, private and business letters, cablegrams, radiograms, telephone messages and all other types of communications.

Byron Price, Director of Censorship, listed these general classifications of prohibited subjects:

"1. Character and movement of troops of the United States and United Nations.

"2. Identity and movements of naval or merchant ships; information about ship sinkings or ship construction.

"3. The fact or effect of military operations, including announcement of air raids on continental United States before the all-clear has been sounded.

"4. Movements, characteristics, or strength of air units of the United States or United Nations.

"5. Location, description and strength of fortifications of the United States or United Nations.

"6. Specific information from which the enemy could eliminate the extent, progress or location of American war production. This includes details useful to saboteurs.

"7. Current weather conditions and weather forecasts. (Descriptions of past local weather conditions may be transmitted at the censor's discretion.)

"8. Miscellaneous: Rumors which might render aid and comfort to the enemy; information about internment and prisoner of war camps; premature disclosure of diplomatic negotiations; movements of the President or other high officials; propaganda detrimental to the war efforts of the United States or United Nations; any other matter which might bring aid or comfort to the enemy, interfere with the war effort, or disparage the foreign relations of the United States or United Nations."

Director Price announced Feb. 10 slightly amended codes for press and radio, increasing certain restrictions and lessening others as a result of war experience.

F. L. Polk Dies

Frank L. Polk, Under Secretary of State in the Administration of President Wilson, died on Feb. 7 at his home in New York City. He was 71 years old. Mr. Polk was a partner in the law firm of Davis, Polk, Wardwell, Gardner & Reed, of which John W. Davis, Democratic candidate for President in 1924, is senior partner.

Mr. Polk had been associated with the State Department from 1915 to 1920, first as Counselor and then as Under Secretary of State. He was Acting Secretary of State from December, 1918, to July, 1919, when President Wilson and the then Secretary of State, Robert Lansing, headed the American delegation to the Paris Peace Conference. Upon their return to this country in 1919 Mr. Polk went abroad to head the American delegation during the final six months of its existence.

A native of New York City, Mr. Polk was a graduate of Yale University and the Columbia Law School. He was a veteran of the Spanish-American War, in which he was a captain, and later served in Puerto Rico.

Mr. Polk held various offices in New York City affairs from 1906 to 1914, including membership on the Board of Education and on the Municipal Civil Service Commission; Treasurer of the Bureau of Municipal Research, and as Corporation Counsel.

President Lauds USO

President Roosevelt on Feb. 4 congratulated the United Service Organizations on its second anniversary for work "well done." In a message to a luncheon in New York City, the President said:

"As the USO approaches its second anniversary, we all know how cheerfully and generously the American people have given it their support, and how unitedly and effectively the USO has performed its mission.

"USO accepted a great responsibility, and has discharged it well. But more than that, it has stood for something beyond praise or price—the preservation for all our men, without regard to race, creed or color, of the moral and spiritual values of the Democratic ideals and freedoms for which they shall continue to fight until victory is won.

"On behalf of these fighting men, therefore, and of our forces behind their lines, I say to the USO, 'well done!'"

Other letters of praise were received from Secretary of War Henry L. Stimson and Secretary of the Navy Frank L. Knox.

At the luncheon John D. Rockefeller, Jr., Honorary Chairman, reviewed the work of the USO and said:

"Before our work is finished, it may well be that the lives of from five to ten millions of men may have been touched by the USO. What a challenge!"

Walter Hoving, Chairman of the National Board of the USO, reported that the organization now has 1,215 clubs and units in the 48 States and in 16 offshore and hemisphere bases, operated by a staff of 6,000 workers and 600,000 volunteers.

Medal To Vandegrift

President Roosevelt presented the Congressional Medal of Honor on Feb. 4 to Maj.-Gen. Alexander A. Vandegrift of the Marine Corps for "outstanding and heroic accomplishment" under adverse conditions against Japanese forces in the Solomon Islands.

Gen. Vandegrift, a native of Charlottesville, Va., thus became, said the Associated Press, the first marine in this war to win both the Congressional Medal and the Navy Cross. He received the latter last October at Guadalcanal from Admiral Chester W. Nimitz, Commander-in-Chief of the Pacific Fleet. Gen. Vandegrift commanded the Marines on Guadalcanal until they were recently relieved by Army forces. The citation on the medal said it was for accomplishments above and beyond the call of duty from Aug. 7 to Dec. 9, 1942.

Leaves Mediation Board

David J. Lewis, Chairman of the National Mediation Board, informed President Roosevelt on Jan. 31 that he would not seek reappointment to the Board. Mr. Lewis, who is a former Maryland Representative in Congress, said he wished to retire to private life at the expiration of his term on Feb. 1. He was appointed to the Board by the President in May, 1939, following an unsuccessful campaign for a seat in the Senate. Mr. Lewis served six terms in the House of Representatives since 1910 and was a member of the U. S. Tariff Commission from 1917 to 1925.

Revival Of Agricultural Credit Corp. Held Inflationary, Step To Socialized Credit

The revival of the Regional Agricultural Credit Corporation by the U. S. Department of Agriculture for the purpose of putting out $225,000,000 of additional farm credit was characterized as inflationtary, as a further step in the extension of socialized credit, and as an unnecessary measure by W. L. Hemingway, President of the American Bankers Association, in a memorandum filed with Secretary of Agriculture Claude R. Wickard, analyzing the plan, which memorandum became available on Feb. 8. Mr. Hemingway is President of the Mercantile-Commerce Bank and Trust Company of St. Louis, Mo.

The memorandum pointed out that the bottlenecks in food production are labor and machinery shortages, rather than credit, which is ample. It stated that if farmers are to be induced to increase their production in spite of hazards involved, a plan which would remove their fear of loss rather than more credit is what is needed, and suggested the consideration of the cooperative crop insurance and other measures as a solution.

Mr. Hemingway's memorandum was sent to Secretary Wickard with a letter of transmittal dated February 5. The Association which previously declared its opposition to socialized credit, as was noted in our Feb. 4 issue, page 498, again emphasizes its opposition thereto, and in its memorandum says in part:

"Credit is not a bottleneck in food production. Ample credit is available. The principal bottlenecks are manpower and machinery.

"If good farmers hesitate to go into debt for plans beyond their normal capacity to produce, it is because of these bottlenecks rather than because of any lack of credit. If farmers are to be induced to increase their production in spite of hazards involved, a plan which would remove their fear of loss, rather than more credit, is what is needed. Some form of cooperative crop insurance might be profitably employed. The possibilities of this and other steps should be thoroughly explored.

"There are already more than enough credit agencies now serving agriculture to finance all of the production needs of farmer borrowers. There are 12,000 country commercial banks competing with each other and several credit agencies operated under the supervision of the Department of Agriculture in active competition with these banks. There is no need to establish another such agency to push out an additional $250,000,000 of credit.

"On the other hand, the offering of excessive credit to farmers for production is inflationary and will lead to the bidding up of the prices of livestock, machinery, and other things farmers buy. It is just as inflationary as the use of excessive credit for the purchase of farm land, against which practice the Department of Agriculture has taken a firm position.

"Other departments of the Government have recognized the importance of the banking system and have drawn upon it for war service. The War and Navy Departments and the Maritime Commission have depended upon the banks for production credit for industry. The Treasury has relied upon them for the success of its fiscal program. The Office of Price Administration has called upon them to perform the accounting work and to handle the movement of the coupons used in the Government's ration system. The country banks made a vital contribution to the Food for Freedom program in 1942 and they will do so again.

"If the banks are as essential to the war effort as these facts indicate, it seems all the more strange that the Department of Agriculture should take a position in such contrast to that of these other departments of Government and undermine the country banks by increasing its already considerable subsidized competition with them.

"We have given careful consideration to this plan reviving the RACC and it is our considered opinion that it is a further step toward socialized credit, inflationary in character, wholly unnecessary and that it should therefore be abandoned."

Govt. Need for Economists, Statisticians Continues

Because of the urgent need for economists, economic analysts, and statisticians for civilian war service in the Federal Government, recruiting is being intensified for these positions on a nationwide basis, the Civil Service Commission announced on Jan. 28. The advices from the Commission stated:

"The positions pay from $2,600 to $6,500 a year plus overtime, which increases salaries by about 21% on the first $2,900 for 8 hours overtime a week, when the aggregate does not exceed $5,000 a year.

"The greatest need is in the fields of transportation, labor, commodities, and industrial studies. For economist, marketing, international trade, money and banking, and housing are also important fields. Experience in other lines will also be utilized, and complete information may be obtained at first-and second-class post offices, from Civil Service Regional Offices, and from the U. S. Civil Service Commission at Washington, D. C.

"Positions are both interesting and important to the war program. They include dealing with economic and statistical problems arising from the reoccupation of areas once held by the enemy, the sale of U. S. securities, exports and imports in connection with the war economic program, requirements for procurement of war materials, etc. Positions will be located throughout the United States and a few will be filled abroad.

"Requirements for the positions have been lowered. In general, only 5 years of college or university education or experience in economics or statistics, or a combination of the two, are necessary for the $2,600 grade. The minimum requirements for the higher grades are proportionately greater.

"There are no age limits and no written examination will be given. Applications will be accepted until further notice, but qualified persons are asked to apply immediately. Applications are not desired from persons already using their highest skills in war work. War Manpower restrictions on Federal appointments are given in Form 3989, posted in first- and second-class post offices."

Coffee Ration Cut to One Pound In Six Weeks

The Office of Price Administration on Feb. 3 reduced the next coffee ration from one pound every five weeks to one pound every six weeks. The OPA said that reduced coffee inventories in the hands of wholesalers and retailers made necessary the reduction in the next ration.

Stamp No. 25, the next coffee stamp in War Ration Book No. 1, became valid on Feb. 8 and will be good for the purchase of one pound of coffee through midnight March 21. Stamp No. 28, valid since Jan. 4, expired at midnight Feb. 7.

The OPA announcement said that an increase in military requirements for shipping and the need for maintaining imports in strategic war materials were in part responsible for the reduced inventories for the next ration period.

"However," the OPA said, "steps are now being taken to overcome a maldistribution on domestic stocks due to a cut in imports, with a view to relieving shortages in certain areas."

WPB Transportat'n Group

The Office of the Program Vice-Chairman of the War Production Board announced on Feb. 1 the formation of a Transportation Requirements Committee, with William W. Judson as Chairman. The Committee will consider transportation requirements and priorities.

A representative of each of the following agencies will serve on the Committee:

- Office of Defense Transportation
- War Department
- Navy Department
- Maritime Commission
- Office of Civilian Supply
- Petroleum Administration for War
- Transportation Equipment Division, WPB
- Division of Stockpiling and Transportation, WPB
- Public Services Division (Program Bureau) WPB
- Automotive Division, WPB

The Program Vice-Chairman may appoint additional members.

Mr. Judson, who is also Director of the Public Services Division of the Program Bureau, is on leave from the Northern Pacific Railway, where he is General Manager, and is serving WPB on a $1-a-year basis.

Dr. William Y. Elliott, Director of the Stockpiling and Transportation Division, is Vice-Chairman of the Committee.

Nation Needs Million More Workers: Hoover

Former President Herbert Hoover urged on Feb. 8 a revision of the manpower program to maintain national strength and declared that 1,000,000 more workers are needed in the fields of agriculture, oil drilling and metal production.

Testifying before a Senate Appropriations subcommittee on manpower, Mr. Hoover said that "if we attempt too much on the military side, we may commit the fatal error of overstrain on the home front and thus damage our effectiveness in ultimate victory."

In a formal statement to the committee, the former President warned:

"There is a limit to our capacities and resources, great as they are. And in our planning we must at least prepare for a long war.

"Including the defeat of Japan, we must envisage at least three more years of war, and a prudent nation would possibly envisage five years."

Mr. Hoover, who was Food Administrator in the first World War, outlined three immediate factors in the problem, viz., the "Home Front," the "War Front," and "The Shipping Bottleneck," and said:

"If we put all these three factors together, of the obvious strains on the home front, that time runs in our favor in the war, the possible over-fast production of some munitions and the shipping bottlenecks, it would seem at least warranted to study a revision of our whole program of national production and supply based on the bottleneck limitation. It is possible that this would reduce the financial as well as the mineral, the agricultural, the food and other home front strains. In any event, we must have more labor in those fields if we are to maintain all national strength.

"Such a program might not meet the views of the generals or admirals who, of necessity, look only to the maximum military activity, but it is a serious consideration that we might break the back of our people on the home front and start internal degeneration, such as is now the fate of Germany. We should not imperil it by doing too much too fast. Especially when time runs in our favor."

Mr. Hoover in discussing the "Home Front" stated in part:

"There are evidences of future decrease in the production of oil due to lack of advance drilling. We should increase instead of decrease, or the whole war machine may be hurt. Similar strains are in metal production by insufficient labor for development work.

"No one can doubt the strain in this program of $100,000,000,000 annual war expenditure. To continue that rate at the present purchasing value of money over three or five years will make dangerous strains. Reduced to our proportionate populations, we are spending $8,000,000,000 to every $4,500,000,000 of the British and every $4,000,000,000 of the Germans.

"If we overdo these strains, we will find exhaustion and delays upon our home front. Total war is inevitably a race of exhaustion between nations. And we must make a strong finish."

Realty Bd. Urges Fight Against Bureaucracy

Concern over a postwar world in which the American people might not be able to get back the liberties and privileges that they have relinquished willingly to aid the war was expressed on Feb. 6 by four speakers at the annual dinner of the Real Estate Board of New York in the Hotel Commodore. This is learned from the New York "Times" which noted that the speakers were Governor Raymond E. Baldwin of Connecticut, Russell V. Cruikshank, President of the Real Estate Board, and Myron Short of Buffalo, President of the Savings Bank Association of New York State. From the "Times" we also quote:

"Condemnation of bureaucracy and a call for a return to the system that preceded the war was the keynote of each speech. Governor Baldwin said, 'We must remember that the freedom we work for and fight for is the only basis on which a lasting peace can be built.'

"Mr. Short and Mr. Cruikshank dealt more specifically with real estate problems. A four-point program laid down by Mr. Cruikshank was:

"'Do everything possible to aid the war effort.

"'Realize that curing local ills is helping to improve the national picture and that therefore the present vicious overassessment of New York realty must be corrected by legislative creation of adequate means for assessment review.

"'Preserve America as it is by resisting every bureaucratic proposal not absolutely essential to the war effort and by demanding that present war regulations end when firing ceases.

"'Make a contribution to postwar planning by insisting that such planning be devoted first to preservation of the system of private enterprise which has made our country what it is.'"

1942 Manufactures Put At $121 Billion

According to the latest Department of Commerce estimates, made available Jan. 28, the gross value of United States manufactured products in 1942 was $121,000,000,000, more than double the $57,000,000,000 reported by the Census of Manufactures in 1939, and exceeding by 30% the $94,000,000,000 reported for 1941.

"The value of products represents the selling price at plant or factory," Secretary of Commerce Jesse Jones said. He added:

"Excluding duplications, estimated at about one-third, which result from the fact that the finished products of one firm often become the raw material of another, the net value of 1942 manufactured products is estimated at approximately $80,000,00,000, of which munitions and war construction accounted for about one-half.

"The 1943 outlook is for a total gross value of $145,000,000,000, a further gain of 20% over the 1942 figure. Excluding duplications, this would yield a net value of manufactures in 1943 of about $100,000,000,000, compared to $80,000,000,000 in 1942. Military and lend-lease requirements are expected to absorb nearly $65,000,000,000 of the $100,000,000,000. The 1943 estimate is based on a moderate price rise of 5%."

The Department indicates that the rising trend of value of manufactured products since 1939 is in part accounted for by the increase in prices over this period, the Secretary's announcement said. Thus the 30% gain in value of products from 1941 to 1942 represented an average rise of 10% in wholesale prices for industrial products, combined with an increase of 18% in the physical volume of output.

Further indicating the Department's advices, a Washington account in the Chicago "Journal of Commerce" said:

The rising trend of the value of manufactured products since 1939 is accounted for in part by the increase in prices over the period. The 30% gain in value of products from 1941 to 1942 represented an average rise of 10% for wholesale prices for industrial products, combined with an increase of 18% in the physical volume of output.

The shift in character of products incident to war expansion is reflected in the figures. While the value of durable goods products constituted 44% of the total value of products in 1939, it rose to 52% in 1941 and 54% in 1942.

In 1941 there was a record-breaking output of consumer durable goods superimposed upon a heavy volume of construction materials and the beginning of the armament program. In 1942 the sharp decline in the output of consumer durables was more than offset by the increase in the production of munitions and of materials for peak level construction activity.

Most of the non-durable goods industries also registered increases in the value of their products in 1942. The value of manufactured foods, clothing and textiles scored the largest gains during the year. Increases ranged from 25% in textiles to almost 40% in the apparel group.

Cuneo Quits WLB Post

John Cuneo, President of the Cuneo Press of Chicago, resigned on Feb. 2 as an associate employer member of the National War Labor Board. In a letter to William H. Davis, Chairman of the WLB, Mr. Cuneo said he was "unable to give sufficient time to the demanding work of the Board." He had served on the WLB since his appointment by President Roosevelt in January, 1942 (referred to in our issue of Feb. 5, page 566).

NLRB Should Be Empowered To Review Union Membership Restrictions: Newman

The National Labor Relations Act should be amended to empower the Board to review the reasonableness and propriety of admission requirements established by unions, it is declared by Professor Ralph A. Newman of St. John's University Law School, Brooklyn, and a member of the NLRB, in the current issue of the Columbia Law Review, publication of the Columbia University Law School. In a leading article on "The Closed Union and the Right to Work," Prof. Newman asserts that the enjoyment of the "right to work," one of the nine freedoms indorsed by President Roosevelt as national objectives, can hardly be secured unless some control be effected over membership requirements of labor unions. Prof. Newman further said:

"The conflict between the right to work and the attitudes of labor unions considered in relation to the phenomenon of the growth of the closed shop doctrine requires a re-examination of the effect on the public welfare of the rules of admission to labor unions and demands the discovery of an effective method of eliminating unreasonable and socially unsound restrictions on admission to, or retention of membership in unions.

"The initiation fee of apprentices in a New Jersey union was increased over a short period of time from $500 to $3,000. Union rules setting forth grounds of expulsion have included the commission of any 'disreputable' act by any officer of the organization; 'discredit' on the union; conduct unbecoming a union member; drunkenness, 'wrongfully' condemning any decision rendered by any officer of the organization; a member's deserting his family 'without good cause,' and using an unapproved circular.

"Least dramatic but most final of all grounds of expulsion, because less open to disputes of fact, is that of non-payment of dues. It has been held that the decision of the executive board of the union as to the breach of the rules is final, even though it was erroneous in fact.

"Restrictions on admission to union membership represent, not so much an economic problem involving the equation of maintenance of living standards versus the general level of productivity, as a political question involving the equation of the opportunity of the individual versus the interests of organized labor—the problem of the right to work.

"Viewed from this approach, limitation of the volume of labor in accordance with selective standards, that is, on the basis of skill, competence and experience rather than on the basis of arbitrary considerations of various kinds, would seem more consonant with equitable implications of the right to work.

"The suggestion is submitted that the National Labor Relations Act be amended so as to give the Board supervisory powers over the reasonableness of admission requirements established by labor unions. The suggestion is made with full recognition of the difficulties which will confront any body, judicial or administrative, in exercising such supervisory jurisdiction. The answer is twofold; that the assumption of such jurisdiction is practicable and that it is essential.

"The review of the reasonableness of union rules of admission would be no more difficult than is the exercise of control over the elusive element of bona fides in the bargaining process or over practices in hiring and discharging. On the question of necessity, it is submitted that governmental control is essential to avoid the peak of inequity which would be attained if government's assistance in collective bargaining were to enable organized labor to deny arbitrarily to individual workers the right not only to bargain, but to join the organizations and hence to work.

"The introduction into our governmental machinery of 'men of professional attainment, who will envisage governance as a career' (Landis, The Administrative Process), renders possible the delicate adjustment, by an administrative agency, of the conflicting interests of union and non-union members as readily as the regulation of railroads' services, trade practices, the issuance of securities and the manifold other enterprises into which government must of necessity project its controlling force."

Arbitration In Action—New Monthly Magazine

The first issue of "Arbitration in Action," a new monthly wartime publication of the American Arbitration Association, covering the current news of the practice and procedure of arbitration, was recently issued. The new magazine will carry current information on the use of voluntary arbitration in the management-labor, business and financial, Inter-American and international commercial fields, it was announced.

The initial issue of "Arbitration in Action" contains current news of voluntary arbitration and self-regulation by industry, from all sections of the Western Hemisphere. Of particular importance is an article entitled "Needed—a Shock Absorber for Peace," which points out that industry will find itself with billions of dollars of partially fulfilled government contracts outstanding on the day peace is declared, and it is suggested that improved machinery be set up for the speedy settlement of the cancellation of these contracts. Other articles of importance include a description of the new machinery being devised for the settlement of commercial disputes between nationals of different countries, in the post-war era; an analysis of War Labor Board trends entitled "Labor and its Troubles," and a legal section for members of the Bar, including a review of recent court decisions affecting the practice of arbitration.

China Rights Treaty Sent To Senate

President Roosevelt transmitted to the Senate on Feb. 1 for ratification the treaty between the United States and China providing for the relinquishment of extraterritorial rights in China and the regulation of related matters. Signing of the Treaty in Washington on Jan. 11 by Secretary of State Hull and the Chinese Ambassador, Dr. Wei Tao-ming, was reported in our issue of Jan. 28, page 422.

The introduction to the treaty states:

"The United States of America and the Republic of China, desirous of emphasizing the friendly relations which have long prevailed between their two peoples and of manifesting their common desire as equal and sovereign States that the high principles in the regulation of human affairs to which they are committed shall be made broadly effective, have resolved to conclude a treaty for the purpose of adjusting certain matters in the relations of the two countries."

A similar treaty between Great Britain and China was also signed on Jan. 11.

In a statement issued Feb. 5, Secretary Hull noted with satisfaction the celebration in China of the recent relinquishment by Britain and the United States of extra-territorial rights in that country. He said in a statement:

"There is being held in China a three-day celebration beginning today in honor of the recent signing of the American-Chinese and the British-Chinese treaties for the relinquishment of American and British extra-territorial and other special rights in China. I am sure that this celebration will be noted by the people of the United States with the utmost of good wishes for the people of China.

"We all share China's gratification—not only because of our deep-rooted feeling of friendship for China and the Chinese, but also because the step that the United States and Great Britain have taken with China has far-reaching significance as a concrete exemplification of the high principles for which the United Nations are fighting in the common struggle to destroy the forces of aggression and to build toward a better world."

Plans More War Aid For Small Business

Col. Robert W. Johnson, newly appointed Chairman of the Smaller War Plants Corporation, plans an appeal to the leaders of industry, commerce and banking, through their many organizations, "to give support to practical programs for increasing sub-contracting and for using the facilities of small business."

Col. Johnson, who was head of the New York ordnance district of the Army, was recently named to succeed Lou E. Holland of Kansas City, who headed the corporation since its creation last July. Mr. Holland, however, continues as Deputy Chairman of the War Production Board in charge of the Smaller War Plants Division. Col. Johnson, who is President and Chairman of Johnson & Johnson, surgical dressing manufacturers, said that he planned to decentralize activities of the SWPC and asserted that the spreading of work among smaller industries could "only be done through the services and with the militant co-operation of the large prime contractors."

Col. Johnson assumed his new office Feb. 8.

Mr. Holland announced on Jan. 31 that the Smaller War Plant Division, under its decentralization plan, has set up 12 regional offices and 131 district offices empowered to take action on the spot in arranging contract awards.

Representatives of the division will thus be able to work directly with distressed plants and district procurement officers of the Army, Navy and other agencies, Mr. Holland said, and the problems of small business will be met at the source, contracts handled directly and distribution of war work among distressed plants speeded.

E. L. Bernays Establishes Pub. Relations Fellowship

Edward L. Bernays, public relations counsel, has established a Fellowship for Research in Public Relations, it was announced Feb. 4 by Dr. John T. Madden, Dean of the New York University School of Commerce, Accounts, and Finance. This $1,000 contribution will be known as The Edward L. Bernays Public Relations Fellowship for 1943, and is to be awarded to a graduate student for the study of the public attitudes toward business since 1930 as reflected in the press, on the radio, resolutions and actions of the different constituent groups that make up our society—labor, religious, farm, social service, government and other groups. Mr. Bernays, in making the gift, said:

"American business has not always had that objectivity in its relation to the other constituent groups of our country that it should have had. A study of this kind should present a running picture for the period of the changing attitudes of the other groups towards what is commonly called 'business.' Such a study intelligently carried on should provide an objective base for the new type of industrialist."

The study will be supervised by Prof. D. B. Lucas, specialist in business research, who was appointed by Dean Madden to direct the project. Dr. Lucas has secured the cooperation of Alpha Delta Sigma, professional organization of college students in advertising, to aid in the field work of the investigation.

January Business Failures Decline Further

January business failures continue along the same lines that the previous reports have shown and are smaller than in December as well as being considerably below those of January, 1942, both as to the number of liabilities involved and the amount. Business insolvencies in January, according to Dun & Bradstreet, Inc., totaled 458 and involved $5,515,000 liabilities as compared with 506 involving $6,950,000 in December and 962 involving $9,916,000 in January, 1942.

The decline in the number of failures in January from the number in December took place in all of the divisions of trade that the report is divided into, with the exceptions of the Construction and Commercial Service Groups. When the amount of the liabilities is taken into consideration the Manufacturing Group is the only group that had a larger amount of liabilities.

Manufacturing failures last month numbered 79 involving $2,249,000 liabilities, compared with 86 in December with $1,997,000 liabilities. Wholesale failures decreased to 31 with $372,000 liabilities from 44 with $846,000 liabilities in December. In the retail trade section, insolvencies declined to 267 from 307 in December and liabilities dropped to $1,800,000 from $2,392,000 a month ago. Construction failures numbered 53 with $698,000 liabilities, which compares with 47 with $1,189,000 liabilities in December. Commercial service failures numbered 28 with $396,000 liabilities, as against 22 with $526,000 liabilities in December, 1942.

When the country is divided into Federal Reserve districts it is seen that seven districts had fewer insolvencies in January than in December, while the Boston and Kansas City Reserve districts had the same number and the Philadelphia, Chicago and San Francisco Reserve districts had more. When the amount of liabilities is considered, seven districts had smaller liabilities in January than in December, while the Boston, New York, Philadelphia, Chicago and Kansas City Reserve districts had more liabilities involved last month than in the previous month.

New South Wales Bond Tenders

Holders of external 30-year 5% sinking fund gold bonds, due Feb. 1, 1957 of the State of New South Wales, Australia, are being notified that the Chase National Bank of the City of New York, successor fiscal agent, is inviting tenders for the sale to it of an amount of these bonds sufficient to exhaust the sum of $229,064.52. Tenders will be accepted at prices not to exceed the principal amount of the bonds and accrued interest up to 12 o'clock noon on Feb. 8, 1943 at the corporate trust department of the bank, 11 Broad Street.

OPA Urged To Clarify Pleasure Driving Ban

The "arbitrary and un-American methods" of the Office of Price Administration in enforcing the ban on pleasure driving were criticized on Feb. 4 by Lawrence B. Elliman, Chairman of a special tax committee of the Chamber of Commerce of the State of New York. He urged the OPA to rely more on the cooperation of the American people and less on Government compulsion. Mr. Elliman introduced a resolution which, while wholly approving of the objectives of the OPA ban, urged that in order to "eliminate confusion and correct inequalities," the regulations should be revised along the following lines:

Distinguish between city, suburban and country areas, taking into consideration the accessible means of public transportation in each area and the distance to stores, churches, hospitals, doctors' and dentists' offices, movies, social contacts, etc.

Clearly define the uses to which cars may be put in each of these areas without violating the non-pleasure driving restriction.

Make allowances for old age and physical infirmities in determining if use of a car is essential.

Place more reliance on the patriotism of the American people and their willingness to cooperate and less reliance on Government compulsion. Remember that this is still a free country and that free men resent methods of enforcement which are suggestive of dictatorships and that American citizens are better led than driven.

Mr. Elliman moved for immediate adoption of the resolution without reference to committee, but this was objected to by C. Oliver Wellington, senior partner of the accounting firm of Scovell, Wellington & Co., who approved of the purpose of the resolution, but thought its importance deserved the consideration of a committee. Mr. Wellington's objection prevailed and President Frederick E. Hasler, who presided, referred the resolution to committee.

Giraud Hails Results At Casablanca for France

A communique from the headquarters of Gen. Henri Giraud, North African High Commissioner, declared on Jan. 27 that "substantial results have been obtained for France" in the ten-day meeting of Allied leaders at Casablanca.

"On the occasion of this conference," the communique said, Gen. Giraud met Gen. de Gaulle, leader of the Fighting French, and this personal contact "permitted the first examination of the conditions under which the French effort in the war of liberation might be organized.

"Exchanges of views will be continued on this subject. It has been decided henceforth to establish permanent liaison."

Associated Press advices from Algiers further said:

The United Nations, the communique said, have recognized in France "an ally who has never ceased to fight, by continuing the battle abroad or preparing to take up the battle anew in her territory. Her action in Tunisia is a manifestation of her will to free her territory."

Among the important military agreements reached at the conference was one granting priority to the French African forces on modern armaments indispensable to them, the communique said.

Completion of arrangements, at home and abroad, for a "permanent defense of French interests" was one of the fruits of the talks, it was said.

The meeting of the two French leaders was mentioned in our issue of Jan. 28, page 370.

Engineering Work $70,939,000 For Week

Engineering construction volume for the week, $70,939,000, is 13% lower than a week ago, and 32% below the total for the corresponding 1942 week as reported by "Engineering News-Record" on Feb. 11. Private construction declines 47% from the preceding week, and 30% from a year ago. Public work is 8% below last week and 33% under last year as both State and municipal work and Federal construction decreased. The report also had the following to say:

The current week's construction brings 1943 volume to $379,561,000, an average of $63,260,000 for each of the six weeks of the year. On the weekly average basis, 1943 volume is 50.5% below the total reported for the seven-week period in 1942. Private construction declines 54.5% and public work is 50% lower than last year, 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. 12, 1942	Feb. 4, 1943	Feb. 11, 1943
Total Construction	$104,893,000	$81,796,000	$70,939,000
Private Construction	7,943,000	10,440,000	5,532,000
Public Construction	96,950,000	71,356,000	65,407,000
State and Municipal	11,801,000	1,354,000	1,225,000
Federal	85,149,000	70,002,000	64,182,000

In the classified construction groups, gains over the preceding week are in waterworks, sewerage, bridges, commercial building and large-scale private housing, earthwork and drainage, and unclassified construction. Increases over the 1942 week are in waterworks and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $2,290,000; sewerage, $987,000; bridges, $178,000; industrial buildings, $870,000; commercial buildings, $1,964,000; public buildings, $41,252,000; earthwork and drainage, $1,152,000; streets and roads, $1,184,000; and unclassified construction, $21,062,000.

New capital for construction purposes for the week totals $41,000, and is made up entirely of State and municipal bond sales. The week's new financing brings the 1943 total to $5,447,000 for the six weeks of the year, a volume that compares with $1,104,629,000 reported for the seven-week period last year.

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* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Feb. 16	117.11	108.88	117.60	115.24	110.15	94.86	99.52	112.93	115.43
15	117.11	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.63
13	117.12	108.88	117.60	115.24	110.15	94.86	99.36	112.93	115.63
12 Exchange Closed									
11	117.13	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.43
10	117.10	108.88	117.80	115.24	109.97	94.56	99.20	112.75	115.63
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	110.15	94.86	99.52	112.93	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. 16, 1942	116.30	106.74	116.22	113.50	107.80	91.62	97.00	110.70	113.31
2 Years ago									
Feb. 15, 1941	116.15	105.69	117.60	112.93	106.04	89.51	95.77	109.60	112.93

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

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Feb. 16	2.06	3.23	2.77	2.89	3.16	4.08	3.78	3.01	2.88
15	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.87
13	2.06	3.23	2.77	2.89	3.16	4.08	3.79	3.01	2.87
12 Exchange Closed									
11	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.88
10	2.06	3.23	2.76	2.89	3.17	4.10	3.80	3.02	2.87
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	3.16	4.08	3.78	3.01	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. 16, 1942	2.11	3.35	2.84	2.98	3.29	4.30	3.94	3.13	2.99
2 Years ago									
Feb. 15, 1941	2.13	3.41	2.77	3.01	3.39	4.45	4.02	3.19	3.01

*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.

Steel Operations Slightly Higher—War Needs More Easily Met—Orders Still Exceed Output

"Steps to help aircraft producers by relieving the numerous 'critical shortages' of alloy steel are understood to have been taken recently after a nation-wide investigation," says "The Iron Age," in its issue of today (Feb. 18), further adding in part as follows:

"Much of the trouble was traced to red tape at Washington, some of the fault was laid to airplane producers themselves and their subcontractors, and part of the blame was shared by raw materials suppliers. As many as several thousand individual reports of critical shortages of alloy steel have been on hand at one time.

"Several large companies this week reported orders still above actual output by as much as 25%. This means that backlogs are very high and in some cases unchanged from the December level. A surge in demand for steel drums is beginning to appear and steel for cartridges is being ordered heavily. The shipbuilding industry is calling for more steel steadily, most of the bulge coming from new yards. Much pre-fabricated shipwork is being done inland in the Middle West, and some of the sub-assemblies are so large that special transportation arrangements have to be provided.

"The Government's recovery of idle steel stocks has reached a sales turnover of 5,000 to 8,000 tons of steel a day, indicating the truth of assertions that much steel has gone into inventories since the start of the war.

"The Steel Recovery Project centering at Pittsburgh has uncovered approximately 10,000 tons of stainless steel and 40,000 tons of structural steel, and still has a dozen or more kinds of steel to survey. It is estimated that over 200,000 tons standing in stocks have been put up for sale in the past six weeks, in addition to 50,000 tons sold for re-melting purposes.

"At present, idle steel inventories are being bought by prospective customers by use of priority ratings. Daily inquiries to the Pittsburgh office of the Steel Recovery Corp. are at the rate of 600 or more.

"From an overall standpoint, the steel industry already is producing at almost maximum levels. The industry differs from many others due to continuous operations in coke, blast furnace and open hearth departments. On a 48-hour week, the continuous departments would need less men than were used on a 40-hour week and unless losses because of the draft absorb the excess manpower, there would not be enough work for all employees."

The American Iron and Steel Institute on Feb. 15 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 99.5% of capacity for the week beginning Feb. 15, compared with 99.3% one week ago, 99.8% one month ago and 96.2% one year ago. This represents an increase of 0.2 point or 0.2% from the preceding week. The operating rate for the week beginning Feb. 15, is equivalent to 1,702,100 tons of steel ingots and castings, compared to 1,698,700 tons one week ago, 1,707,300 tons one month ago, and 1,634,100 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 15, stated in part:

"While shipbuilding needs are expanding and other war needs are substantial many plate producers believe pressure over the next several weeks will not be excessive, as various other outlets have been severely restricted by the government, including building, tank fabrication and railroad equipment construction.

"In step with the enlarged shipbuilding program mills are increasing steel plate production, an all-time monthly record being established in January, when 1,135,413 net tons was delivered. This replaced the prior record of 1,124,118 tons made in July, last year. Contribution of converted continuous strip mills is shown by the fact that approximately half the total, 565,893 tons, was from that source. No record will be set in February because of its being a short month but March and April may challenge prior records, judging from indications in the shipbuilding industry, without exceeding available capacity.

"Deliveries fail to improve on most steel products, large bar rounds and flats holding at 10 to 12 weeks, with small rounds available at about six weeks. Some producers can not offer as favorable promises.

"Scrap position has been improved to the point that numerous large steelmakers have accumulated 30 to 60 days reserve and are not pressing for delivery. Receipts from other than industrial sources have declined recently, partly attributable to adverse weather conditions and also because of inability of dealers to maintain their working forces in face of better wages paid in other war industries. Considerable tonnage remains from salvage drives late last year, which has not been prepared, constituting a backlog for future weeks.

"American Iron and Steel Institute, summing up steel production in 1942, points out that production in six kinds of steel used mainly in war work set new marks, exceeding the highs made in 1941. In products normally used for civilian goods production fell off sharply. Plate production was 90% above 1941, alloy steel bars 20% higher and carbon hot-rolled bars 2%. Shape production, though building was restricted, was 8% over 1941.

"Production of steel ingots and castings in January was second highest in the history of the steel industry, 7,408,744 net tons, compared with 7,584,864 tons in October, 1942, the all-time record. It compares with 7,303,179 tons in December and 7,124,922 tons in January, 1942. In January the industry averaged 97.8% of capacity.

"Composite steel and iron prices are steady at levels prevailing over the past few months."

Auto Accessory Mfrs. Hold Convention In NY

The Automotive Accessories Manufacturers Association concluded on Feb. 4 its annual convention at the Park Central Hotel, New York City. The convention was noticeable for its lack of displays, which were missing due to the all-out effort of these manufacturers to insure victory. This "war conference" was for the purpose of bringing the manufacturers into contact with the jobbers and retail outlets and to discuss improvements in various items being made for the Government.

Kelly & Hoguet Head Charities Committee

Orie R. Kelly, President of the Lawyers' Trust Co., and Robert L. Hoguet, President of the Emigrant Industrial Savings Bank, New York, have been appointed Chairman and Vice-Chairman, respectively, of the Banks and Trusts group of the Archbishop's Committee of the Laity, in the 24th annual fund appeal of the Catholic Charities of the Archdiocese of New York, it was announced Feb. 3 by John A. Coleman, Executive Chairman of the Special Gifts Committee.

The Archbishop's Committee, of which former Governor Alfred E. Smith is General Chairman, solicits contributions from professional and business leaders through the Special Gifts Committee, which last year collected more than $336,000 in addition to $792,000 raised by teams of parish workers. The 1943 appeal will open April 4 in the 376 parishes of the Archdiocese. New York Catholic Charities coordinates the work of 182 hospitals, child caring homes, day nurseries and family relief and other agencies in the ten counties of the New York Archdiocese. Appointment of the heads of the investment bankers group was noted in these columns Feb. 4, page 483.

Benson, Bartholomew Again Named To N. Y. Banking Board

The New York State Senate on Feb. 3 confirmed Governor Dewey's renominations of Philip A. Benson of Brooklyn and Arthur P. Bartholomew of Rochester as members of the State Banking Board.

Both men had been recess appointees of former Governor Lehman. Mr. Benson is President of the Dime Savings Bank of Brooklyn and a former President of the American Bankers Association. He was named to the Board last November to take the post made vacant by the death of Henry R. Kinsey, President of the Williamsburgh Savings Bank of Brooklyn (referred to in our issue of Dec. 10, page 2080). His new term will expire March 4, 1944.

Mr. Batholomew is Secretary-Treasurer and Managing Director of the Eastman Savings and Loan Association of Rochester. His appointment to the Board last October was in accordance with the change in the banking law whereby one having savings and loan experience was to be added; this was noted in these columns Oct. 15, page 1366. Mr. Bartholomew was named for a term expiring March 1, 1945.

New Cotton Exch Members

The Board of Managers of the New York Cotton Exchange announces the election of George E. Gibbons, Hsueh Lian Hsieh and William H. Flautt. Mr. Gibbons of the firm of George E. Gibbons & Co., located in Corpus Christi, Texas, is also a member of the Texas Cotton Association and Corpus Christi Cotton Exchange. The election of Mr. Gibbons to membership in the New York Cotton Exchange brings the total Texans to 33 of the memberships in New York. Mr. Hsueh Lian Hsieh, is President of Yung Tai & Co. (Inc.), New York City, and a member of the Commodity Exchange. Mr. Flautt, who is a partner in the firm bearing his name in Memphis, Tenn., is also a member of the Memphis Cotton Exchange. His election to membership in the New York Cotton Exchange brings the total representation of Memphis brokers to 25.

Moody's Daily Commodity Index

Tuesday, Feb. 9	244.5
Wednesday, Feb. 10	245.1
Thursday, Feb. 11	244.8
Friday, Feb. 12	*
Saturday, Feb. 13	244.4
Monday, Feb. 15	245.2
Tuesday Feb. 16	246.2
Two weeks ago, Feb. 2	245.0
Month ago, Jan. 16	243.0
Year ago, Feb. 16	228.2
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, Feb. 16	246.2
Low, Jan. 2	240.2

*Holiday.

Labor Bureau's Wholesale Commodity Index Advances To Highest Level In 17 Years

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Feb. 11 that sharp increases in primary market prices for fruits and vegetables and continued advances in grains brought the Bureau's comprehensive index of nearly 900 series for the week ended Feb. 6 up 0.2% to a new wartime high. At 102% of the 1926 average the index reached the highest level in 17 years. Since the first of the year the index has risen 0.6% and it is 6.6% higher than at this time last year.

The Bureau's announcement further explained:

"**Farm Products and Foods**—Continued increases in prices for corn and cotton, hogs, steers and sheep; for apples, oranges and lemons, and for hay, peanuts, seeds and potatoes were responsible for a further gain of 0.4% in market prices for farm products during the week. Lower prices were reported for oats, rye and eggs. At 118.2% of the 1926 average the farm products index has reached the highest point since late in 1920.

"In addition to higher prices for fresh fruits and vegetables, increased prices were reported for flour and corn meal and the foods group index was up 0.1%. Prices were lower for butter. Average prices for foods have risen 0.7% in the past month and they are 12% higher than early in February a year ago.

"Weakening markets for bran brought average prices for cattle feed down over 1% during the week.

"**Industrial Commodities**—Prices for most industrial commodities continued steady. Coal, fuel oil in the Pennsylvania region, linseed oil, synthetic camphor, soap and boxboard advanced, while quotations for several types of lumber for rosin and for turpentine weakened."

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 3 weeks, for Jan. 9, 1943 and Feb. 7, 1942, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups	2-6 1943	1-30 1943	1-23 1943	1-9 1943	2-7 1942	Percentage changes to Feb. 6, 1943 from— 1-30 1943	1-9 1943	2-7 1942
All commodities	*102.0	*101.8	*101.7	*101.4	95.7	+0.2	+0.6	+ 6.6
Farm products	118.2	117.7	117.2	116.1	100.1	+0.4	+1.8	+18.1
Foods	105.1	105.0	104.7	104.4	93.7	+0.1	+0.7	+12.2
Hides and leather products	118.4	118.4	118.4	118.4	115.8	0	0	+ 2.2
Textile products	96.8	96.8	96.8	96.7	93.5	0	+0.1	+ 3.5
Fuel and lighting materials	80.4	80.1	80.1	80.0	78.4	+0.4	+0.5	+ 2.6
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.6	0	0	+ 0.3
Building materials	110.1	110.1	110.0	110.0	109.4	0	+0.1	+ 0.6
Chemicals and allied products	99.5	99.5	99.5	99.5	96.6	0	0	+ 3.0
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	88.2	0	+0.1	+ 2.6
Raw materials	108.6	108.3	108.0	107.2	95.9	+0.3	+1.3	+13.2
Semimanufactured articles	92.5	92.5	92.5	92.5	91.9	0	0	+ 0.7
Manufactured products	*100.4	*100.3	*100.3	*100.2	96.3	+0.1	+0.2	+ 4.3
All commodities other than farm products	*98.5	*98.4	*98.4	*98.2	94.7	+0.1	+0.3	+ 4.0
All commodities other than farm products and foods	*96.4	*96.3	*96.3	*96.2	94.5	+0.1	+0.2	+ 2.0

*Preliminary.

National Fertilizer Association Commodity Price Index Still Rising

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Feb. 15 advanced last week for the tenth consecutive time. In the week ended Feb. 13, 1942, this index rose to 134.6 from 134.1 in the preceding week. A month ago the index stood at 133.4 and a year ago at 122.2% of the 1935-1939 average as 100. The Association's report added:

The increase in the general level was due to higher prices for farm products and foods, and gains in some industrial commodities. The prices of cotton and most grains were lower, but the effect of such declines on the farm product group average was more than offset by substantial gains in livestock quotations. The net result was a rise in the farm product price index to a new high level. The food price average recovered a loss suffered in the previous week, as a result of upturns in the prices of eggs and potatoes. An upswing in the fuel index resulted from upward adjustment of bituminous coal prices by the Office of Price Administration. The index of miscellaneous commodities registered a fractional advance, as a result of higher prices for cattle feed. The only group average to decline was the textile price index. The average of industrial commodities was moderately higher.

During the week 13 commodities advanced and 4 declined; in the preceding week there were 11 advances and 7 declines; in the second preceding week there were 19 advances and 7 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. 13, 1943	Preceding Week Feb. 6, 1943	Month Ago Jan. 9, 1943	Year Ago Feb. 14, 1942
25.3	Foods	137.8	137.5	137.8	118.2
	Fats and Oils	148.5	148.5	150.2	135.6
	Cottonseed Oil	159.0	159.0	164.7	158.7
23.0	Farm Products	151.6	151.0	150.2	131.7
	Cotton	194.7	195.6	193.9	180.8
	Grains	134.1	134.5	132.2	119.1
	Livestock	149.0	147.9	147.5	124.6
17.3	Fuels	121.7	120.0	119.3	113.8
10.8	Miscellaneous commodities	129.2	129.0	129.4	127.0
8.2	Textiles	150.5	150.6	150.1	146.1
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	151.7	151.7	151.4	135.1
1.3	Chemicals and drugs	127.6	127.6	127.6	120.3
.3	Fertilizer materials	117.6	117.6	117.6	118.4
.3	Fertilizers	117.6	117.6	115.3	114.0
.3	Farm machinery	104.1	104.1	104.1	103.5
100.0	All groups combined	134.6	134.1	133.4	122.2

*Indexes on 1926-1928 base were Feb. 13, 1943, 104.9; Feb. 6, 1943, 104.5; Feb. 14, 1942, 95.2.

Cottonseed Receipts In January

On Feb. 13, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the five months ended with January, 1943 and 1942.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	Received at mills* Aug. 1 to Jan. 31 1943	1942	Crushed Aug. 1 to Jan. 31 1943	1942	On hand at mills Jan. 31 1943	1942
United States	4,227,544	3,667,963	3,255,402	2,761,987	1,049,405	1,036,505
Alabama	242,921	202,233	198,564	159,884	47,690	53,522
Arizona	62,353	70,843	44,394	56,782	18,350	14,278
Arkansas	457,134	464,109	310,563	320,161	158,392	168,878
California	124,864	130.820	76,949	91,010	49,090	46,305
Georgia	318,259	216,975	286,013	174,593	36,303	61,298
Louisiana	155,260	76,755	146,745	71,031	9,259	6.250
Mississippi	728,738	541,973	490,716	376,645	244,263	169,354
North Carolina	250,666	202,753	202,748	160,308	49,575	52,181
Oklahoma	210,648	231,591	176,451	196,076	38,661	36,047
South Carolina	187,970	96,922	178,395	89,155	9,522	10,775
Tennessee	368,436	388,562	249,434	259,038	128,189	150,192
Texas	980,947	906,932	809,032	713,206	204,870	220,920
All other States	139,348	137,495	85,398	94,098	55,241	46,505

*Does not include 81,928 and 130,529 tons on hand Aug. 1 nor 32.937 and 32,936 tons reshipped for 1943 and 1942, respectively. Does include 4,665 tons destroyed for 1943.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to Jan. 31	Shipped out Aug. 1 to Jan. 31	On hand Jan. 31
Crude oil (thousand pounds)	1942-43	*34,460	1,006,678	959,892	*153,873
	1941-42	29,708	851,179	802,774	181,830
Refined oil (thousand pounds)	1942-43	†310,191	‡801,743	------	†327.618
	1941-42	294,005	637,945	------	320,317
Cake and meal (tons)	1942-43	190,100	1,440,003	1,554,237	75,866
	1941-42	164,444	1,206,799	1,001,509	369,734
Hulls (tons)	1942-43	44,118	788,752	795,223	37,647
	1941-42	151,439	688,894	610,780	229,553
Linters (running bales)	1942-43	43,295	§979.223	751,140	§271,378
	1941-42	123,154	806,525	783,273	146,406
Hull fiber (500-lb. bales)	1942-43	229	21,072	18,901	2,400
	1941-42	1,834	20,257	20.151	1,940
Grabbots, motes, &c. (500-lb. bales)	1942-43	23,644	41,931	30,906	34,669
	1941-42	6,183	36,957	20,743	22,397

*Includes 24,484,000 and 81,551,000 pounds held by refining and manufacturing establishments and 2,118,000 and 17,678,000 pounds in transit to refiners and consumers Aug. 1, 1942, and Jan. 31, 1943, respectively.

†Includes 3,620,000 and 10,143,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 1,389,000, and 2,961,000 pounds in transit to manufacturers of shortening, oleomargarine, soap, etc., Aug. 1, 1942, and Jan. 31, 1943, respectively. Does not include winterized oil.

‡Produced from 858,284,000 pounds of crude oil.

§Total linters produced includes 10,133 bales first cut, 53,975 bales second cut and 915,115 bales mill run. Total held includes 8,736 bales first cut, 14,018 bales second cut and 248,624 bales mill run.

Exports and Imports of Cottonseed Products

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

Non-Ferrous Metals—War Production Board Tightens Control Over Zinc Consumption

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. 11, stated: "Though it is well known that domestic smelters are producing more zinc than ever before, the War Production Board has taken another step toward tightening control over consumpton of the metal. During the last week the conservation order for zinc was amended to limit distribution of remelt zinc by dealers to orders bearing ratings of AA-5 or higher. Tungsten control also was extended. The Aluminum Division of WPB has been transferred to Charles E. Wilson- Vice-Chairman and head of aircraft production. Jurisdiction over aluminum formerly was in the hands of Ferdinand Eberstadt, Vice-Chairman of the Office of Program." The publication further went on to say in part:

Copper

Producers of copper assume that the distribution of the metal under CMP will result in no radical changes in procedure so far as they are concerned. The domestic and foreign price situation remains unchanged. Consumers are obtaining copper on the 12¢ Valley basis, with foreign metal moving to Metals Reserve at 11.75¢, f.a.s. United States ports.

Effective Feb. 15, a warehouse may fill an authorized controlled-materials order, or an order bearing a preference rating of AA-5 or higher, for brass mill or wire mill products, if the order calls for the delivery of 500 pounds or less of any item to any one destination at any one time, according to CMP regulation No. 4, issued last week. Not more than 2,000 pounds of any one item may be delivered to a customer during a calendar month. All warehouse orders must be accompanied by a certificate signed by the person placing them.

Certain copper conductor wire will be released from frozen stocks by WPB to provide material for urgent rural electrical extensions in connection with the Government's food program.

General Cable Corp. has entered into an agreement with the Corporacion de Fomento de la Production, an enterprise backed by the Government of Chile, for the sale of machinery and equipment for the fabrication of wire and cable. The equipment is not being used in the war program and is situated at the Pawtucket, R. I., plant.

Lead

Domestic consumption of lead has varied little in volume in recent months, averaging close to 65,000 tons a month. Sales of common lead during the last week were less than in the week previous. Consumers' needs for February have been provided for to the extent of about 80%, according to trade estimates, with March coverage around 20%. Quotations continued on the basis of 6.50¢, New York, and at 6.35¢, St. Louis.

Zinc

Control over use of remelt zinc was ordered by WPB on Feb. 9. At the same time, in amending Conservation Order M-11, the transfer and use of scrap will be regulated to divert supplies, except as specifically authorized, for the war program. All grades of zinc now are fully controlled by WPB. The price situation has not changed, Prime Western holding on the basis of 8¼¢, St. Louis.

Platinum Metals

The effective date of the OPA order establishing maximum prices for the platinum metals is Feb. 1, 1943. This corrects a press release that fixed the date as of Feb. 11.

The order also provides that a seller's maximum price for any of the platinum group metals of commercial purity and in commercial forms and quantities shall be the price named by OPA less any discounts, differentials, or allowances which the seller had in effect in the period from Jan. 1 to March 31, 1942, for the sale of such metal to a purchaser of the same class. "Had in effect" as applied to discounts, differentials, allowances, and prices, means the dollar-and-cents discount, etc., per troy ounce, at which the seller sold, or, if no sale was made, at which the seller would have sold.

Maximum prices are: Platinum, $35 per ounce troy; palladium, $24; ruthenium, $35; rhodium, $125; iridium, $165; and osmium, $50.

Tin

Tin control in the United Kingdom has been extended to cover quantities of one hundredweight or less consumed monthly.

The price situation in the United States has not changed during the last week. Straits quality tin for future shipment was as follows:

	Feb.	March	April
Feb. 4	52.000	52.000	52.000
Feb. 5	52.000	52.000	52.000
Feb. 6	52.000	52.000	52.000
Feb. 8	52.000	52.000	52.000
Feb. 9	52.000	52.000	52.000
Feb. 10	52.000	52.000	52.000

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

Quicksilver

With a substantial stockpile of metal on hand in the country, consumers of quicksilver are not greatly concerned about temporary changes in the production rate. Quotations in New York remain unchanged at $196 to $198 per flask. The ex-warehouse quotation in London is being continued at £68 10s per flask, for lots of 11 flasks or more.

Silver

The American Bureau of Metal Statistics estimates United States production of silver for 1942 at 54,486,000 ounces, which compares with 69,128,000 ounces in 1941 and 67,013,000 ounces in 1940.

The London market was unchanged last week at 23½d an ounce troy. The New York Official continued at 44¾¢.

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.

Lumber Movement—Week Ended Feb. 6, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 453 mills reporting to the National Lumber Trade Barometer exceeded production by 15.0% for the week ended Feb. 6, 1943. In the same week new orders of these mills were 12.4% greater than production. Unfilled order files in the reporting mills amounted to 84% of stocks. For reporting softwood mills, unfilled orders are equivalent to 37 days' production at the current rate, and gross stocks are equivalent to 41 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 17.4%; orders by 21.7%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 7.2% greater; shipments were .01% greater, and orders were 4.8% less.

January Retail Prices Continue Unchanged, According To Fairchild Publications Index

February 1, 1943 again finds the Fairchild Publications Retail Price Index unchanged. For the seventh consecutive month, since the price ceilings went into effect, the index has remained at 113.1. This is only 2.6% higher than it was last year at this time. Although this shows a slight increase above last year, the spread is narrowing, since the 2.6% increase follows one of 4.4% and one of 5.2%. Prices are still 27.2% above the period immediately preceding the outbreak of European hostilities. The announcement from Fairchilds, made available Feb. 15, also says:

"For the first time since the composite index itself has remained stationary there has been no movement recorded by any of the major groups. The very slight advances shown in individual items has had no effect on these five classifications. Piece goods, which for many months with the exception of last month showed the greatest increase over the previous year, again indicates the largest advance, that of 4.8%. It is followed by men's apparel with 4.2%. For the first time in months the least rise over last year is recorded by home furnishings rather than infants' wear, 2.5%. The comparison with the 1939 period shows as usual that piece goods advanced the most, 33.6%, and infants' wear the least.

"Only two of the individual commodities moved during the month. Both furs and men's clothing increased 0.1%. The other items remained unchanged, some of them at the level they have been for some time. All the commodities are still somewhat higher than last year at this time, but the increases from month to month are growing smaller. The largest is in cotton wash goods, 6.6%, and the smallest in furs, that of 0.4%. Over the period immediately preceding the outbreak of war in Europe, furs continue to show the largest advance, that of 49.9%, and women's shoes the smallest, 6.8%.

"Retail prices will continue for some time to remain at about the same level that they have been for the past seven months, according to A. W. Zelomek, economist under whose supervision the index is compiled. There continues to be the possibility of some upward movement as is shown by the slight increases in the individual items. These have been due to the various price regulations which permit adjustment of the ceiling prices."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX

JAN. 3, 1931=100

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	May 1, 1933	Feb. 1, 1942	Nov. 1, 1942	Dec. 1, 1942	Jan. 2, 1943	Feb. 1, 1943
Composite Index	69.4	110.2	113.1	113.1	113.1	113.1
Piece Goods	65.1	107.1	112.2	112.2	112.2	112.2
Men's Apparel	70.7	101.1	*105.3	105.3	105.3	105.3
Women's Apparel	71.8	109.1	112.6	112.5	112.6	112.6
Infants' Wear	76.4	104.9	108.0	108.0	*108.1	108.1
Home Furnishings	70.2	112.7	115.5	115.5	115.5	115.5
Piece Goods						
Silks	57.4	82.1	84.7	84.7	84.7	84.7
Woolens	69.2	104.2	108.0	108.0	108.0	108.0
Cotton Wash Goods	68.6	134.9	143.8	143.8	143.8	143.8
Domestics						
Sheets	65.0	120.8	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	128.8	135.0	135.0	135.0	135.0
Women's Apparel						
Hosiery	59.2	89.8	94.1	94.1	94.1	94.1
Aprons & House Dresses	75.5	134.2	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	105.2	111.2	111.2	111.2	111.2
Furs	66.8	134.0	134.6	134.3	134.5	134.6
Underwear	69.2	100.6	102.7	102.7	102.7	102.7
Shoes	76.5	91.0	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	102.4	108.0	108.0	108.0	108.0
Underwear	69.6	110.4	*114.8	114.8	114.8	114.8
Shirts & Neckwear	74.3	96.1	99.0	*99.1	99.1	99.1
Hats & Caps	69.7	90.8	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	102.2	105.9	105.9	105.9	*106.0
Shoes	76.3	104.5	109.6	109.6	109.6	109.6
Infants' Wear						
Socks	74.0	108.8	114.5	114.5	114.5	114.5
Underwear	74.3	102.1	103.6	103.6	*103.7	103.7
Shoes	80.9	103.8	*106.0	106.0	106.0	106.0
Furniture	69.4	128.6	129.2	129.2	129.2	129.2
Floor Coverings	79.9	143.9	146.8	146.8	146.8	146.8
Radios	50.6	66.3	66.8	66.8	66.8	66.8
Luggage	60.1	92.6	94.7	94.7	94.7	94.7
Electrical Household Appliances	72.5	92.3	93.5	93.5	93.5	93.5
China	81.5	108.5	110.6	110.6	110.6	110.6

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

*Increases due to application of price ceiling adjustments.

Bank Debits For Month Of January

As announced on March 30, the Board of Governors of the Federal Reserve System has discontinued the issuance of its weekly "bank debits" press statement and beginning with the month of May has collected figures on a monthly basis from member and nonmember banks in the centers previously included in the weekly bank debits statement. The last weekly report was published on page 1876 of the May 4, 1942, issue of the "Chronicle."

We present below the figures for the month of January.

SUMMARY BY FEDERAL RESERVE DISTRICTS

(In millions of dollars)

Federal Reserve District—	Jan. 1943	Jan. 1942	—3 Months Ended— Jan. 1943	Jan. 1942
Boston	2,850	2,871	9,373	8,822
New York	21.628	18.953	66.423	59,109
Philadelphia	2,695	2,578	8.353	8,131
Cleveland	3.837	3.472	12,324	11.068
Richmond	2.110	1,967	6,822	6,015
Atlanta	1,889	1,707	5.819	5,073
Chicago	8,457	7,391	26,158	22,799
St. Louis	1.704	1,641	5,418	4,970
Minneapolis	1,007	923	3,217	2,853
Kansas City	1,935	1,590	6,077	4,804
Dallas	1,514	1,360	4,836	4,162
San Francisco	5,152	4,152	15,623	12,456
†Total, 274 centers	54.780	48,605	170.443	150,262
*New York City	19.877	17,247	60,814	53,922
*140 other centers	30.263	27,028	94.865	83,248
†133 other centers	4.640	4,330	14,764	13,092

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

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

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 Feb. 6 is estimated at 11,880,000 net tons, an increase of 380,000 tons, or 3.3%, over the output in the preceding week. Production in the week of Feb. 7, 1942, was estimated at 10,902,000 tons. For the year to date, output was 1.3% lower than in the corresponding period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Feb. 6, 1943, was estimated at 1,344,000 tons, compared with 1,322,000 tons in the preceding week and 1,150,000 tons in the same period in 1942. Anthracite output for the calendar year to date amounted to 5,658,000 tons, as against 5,682,000 tons in the corresponding period last year.

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

In Net Tons (000 omitted)

Bituminous coal and lignite—	Week Ended— Feb. 6, 1943	†Jan. 30, 1943	Feb. 7, 1942	January 1 to Date— Feb. 6, 1943	‡Feb. 7, 1942	Feb. 6, 1937
Total, incl. mine fuel	11,880	11,500	10,902	59,009	59,808	51,456
Daily Averages	1,980	1,917	1,817	1,904	1,869	1,660
*Crude Petroleum—						
Coal equivalent of weekly output	6,172	6,129	6,947	32,820	36,542	27,170

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B. t. u. per barrel of oil and 13,100 B. t. u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Revised. ‡subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

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

State—	Week Ended— Jan. 30, 1943	Jan. 23, 1943	Jan. 31, 1942	Feb. 1, 1941	Jan. 30, 1937	Jan. avge. ¶1923
Alaska	6	6	3	6	2	**
Alabama	381	375	379	331	321	434
Arkansas and Oklahoma	106	89	78	103	112	93
Colorado	192	182	186	164	245	226
Georgia and North Carolina	1	1	1	††	††	**
Illinois	1,388	1,340	1,442	1,220	1,451	2,111
Indiana	515	483	563	497	391	659
Iowa	67	55	92	74	131	140
Kansas and Missouri	204	179	207	167	220	190
Kentucky—Eastern	883	935	748	851	220	607
Kentucky—Western	300	288	272	222	76	240
Maryland	29	33	39	38	36	55
Michigan	7	8	7	11	21	32
Montana (bituminous and lignite)	101	93	84	67	77	82
New Mexico	38	34	29	27	45	73
North and South Dakota (lignite)	70	71	51	58	106	**50
Ohio	680	640	686	534	480	814
Pennsylvania (bituminous)	2,745	2,538	2,742	2,622	2,392	3,402
Tennessee	135	138	137	135	125	133
Texas (bituminous and lignite)	8	10	8	7	14	28
Utah	130	127	123	89	143	109
Virginia	380	394	365	343	241	211
Washington	36	29	32	38	65	74
*West Virginia—Southern	2,070	2,105	1,960	1,912	1,070	1,134
†West Virginia—Northern	820	855	831	689	680	762
Wyoming	207	192	155	124	175	186
‡Other Western States	1	††	††	††	††	**7
Total bituminous and lignite	11,500	11,200	11,220	10,329	8,839	11,850
§Pennsylvania anthracite	1,322	1,047	1,096	1,234	1,052	1,968
Total all coal	12,322	12,247	12,316	11,563	9,891	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, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Electric Output For Week Ended Feb. 13, 1943 Shows 15.1% 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. 13, 1943, was approximately 3,939,708,000 kwh., compared with 3,421,639,000 kwh. in the corresponding week last year, an increase of 15.1%. The output for the week ended Feb. 6, 1943, was 14.0% in excess of the similar period in 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Feb. 13	Feb. 6	Jan. 30	Jan. 23
New England	6.0	3.1	3.6	7.0
Middle Atlantic	8.6	5.1	7.7	9.6
Central Industrial	12.4	11.8	12.2	12.6
West Central	13.0	15.0	15.6	14.3
Southern States	19.3	20.4	20.1	21.2
Rocky Mountain	14.2	12.3	13.8	11.0
Pacific Coast	32.2	29.9	29.6	30.6
Total United States	15.1	14.0	14.7	15.5

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	1,563,334	1,840,863
Dec 19	3,975,873	3,495,140	+13.8	3,052,419	1,554,473	1,860,021
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	3,939,708	3,421,639	+15.1	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

Federal Tax Deduction On State Inc. Returns Urged By N. Y. Chamber

Governor Dewey and members of the New York State Legislature were urged by the Chamber of Commerce of the State of New York on Feb. 4 to further lighten the burden of State taxpayers by amending the State income tax law so as to permit the deduction of Federal income taxes in computing individual State income tax returns. In adopting the report, drawn by its Committee on Taxation, the Chamber also urged the repeal or amendment of mandatory laws which prevent local control of the expenses of New York and other cities in the State. The report stated:

"Both the State and Federal Government have voted themselves as partners in the incomes of individuals and have insisted upon their share of such income before the individual can exercise any rights himself with regard to the disposition of that portion of the income which remains to him. New York State has failed to give effective recognition to this condition. It assesses a tax upon an amount which is considerably greater than the true income available to the individual so taxed. As a result the presumed maximum rate of 7% assessed by the State is in fact in many cases a rate several times 7% upon the true effective income of the individuals taxed."

The report pointed out that under existing State laws, municipalities in New York State have little control over many of their expenses, adding:

"Services of local government, more or less under direct State supervision, include education, certain courts, relief activities, etc. The salary increases which are mandatory run into millions of dollars. Neither the Mayor nor the Board of Estimate have control over these expenditures. State laws not only determine salaries, but also in some cases, the number of employees. Most of these various compulsory laws have been passed under the spur of high pressure groups who give no heed to the financial affairs of their city."

The report also urged that a study be made of the State Franchise tax "with a view to amendments which will make a proper allowance for Federal taxes paid and some provision for a post-war refund to meet the readjustments essential to peace-time operations."

New NY Chamb. Members

Seven new members of the Chamber of Commerce of the State of New York were elected at the monthly meeting on Feb. 4. They are:

George L. Morrison, President, General Baking Co.; Harold G. Cutright, Vice-President, Standard Brands, Inc.; Fred H. Kay, Director, Standard - Vacuum Oil Co.; Lieutenant Commander Edgar F. Anderson, President, New York Sandy Hook Pilots Association; I. B. Catz, Catz American Co., Inc.; Robert L. Greene, Resident Manager, The Employers' Group, and Lester P. Barlow, Shoreham, Vt.

Dawson OPA Official

The appointment of Edward Dawson of the Office of Price Administration as liaison official with Congress has been made by Price Administrator Prentiss Brown. Specifically, according to the Associated Press, Mr. Dawson is available to help solve, or at least answer, the problems which constituents report to their Congressmen.

First Boston Corporation 1942 Net $491,256

The annual report of The First Boston Corporation, issued to the stockholders on Jan. 30, shows a net operating profit for the year of $182,416 and, after adding security depreciation adjustment of $308,840, a net income of $491,256.

On Dec. 31, 1942, the total capital funds, exclusive of reserves, amounted to $10,810,750, which reflects the payment of a dividend of $150,000 on Jan. 31, 1942, and the purchase of 50,000 shares of capital stock during the year, but does not reflect the $450,000 in dividends declared Jan. 14, 1943.

Allan M. Pope, President of the Corporation, revealed that during 1942 the organization purchased an aggregate of 50,000 shares of its capital stock at an average cost of $10 per share but that none of this stock was bought from any officer or director. Mr. Pope further said that "if and when it seems to be to the advantage" of the corporation, the Directors will propose that there be purchased up to an additional 100,000 shares of capital stock. No action, however, has yet been taken to authorize such additional purchases.

Mr. Pope noted that the Corporation has endeavored to conduct its affairs to meet the ever-changing conditions caused by the war. He added that the Corporation has done its full share of work with the United States Treasury Victory Fund Committees in each of the localities where it has offices and that "it has co-operated with the Treasury Department and the several Federal Reserve Banks of the country in the placing of new government issues and in maintaining orderly markets in outstanding issues. In addition, it has participated in the underwriting or distribution of $1,016,640,560 of investment bonds and stocks, thereby assisting in maintaining open markets for such issues notwithstanding war conditions."

A summary of the Corporation's income account for the year ended Dec. 31, 1942, and the balance sheet as of Dec. 31, 1942, follows:

SUMMARY OF INCOME AND EARNED SURPLUS

For the Year Ended Dec. 31, 1942

Income:		
Profits (less losses) from trading in securities on own account and in joint accounts, and as participant in underwriting groups (determined on basis of cost)	$2,045,948.41	
Interest and discount earned, and dividends received	731,779.71	
Commissions, service charges, and misc. income	234,073.36	
Total		$3,011,801.48
Expenses:		
General expenses	$2,294,962.77	
Interest on bank loans, etc.	243,761.13	
Taxes (incl. provisions for Federal and State taxes)	279,124.02	
Depreciation of furniture and fixtures	11,537.84	
Total		2,829,385.76
Net operating profit for the year		$182,415.72
Add—Security depreciation adjustment (see Note)		308,840.56
Net income for the year		$491,256.28
Earned surplus, Jan. 1, 1942		1,969,494.29
Earned surplus before charging dividend		$2,460,750.57
Less dividend paid Jan. 31, 1942—$0.30 a share		150,000.00
Earned surplus, Dec. 31, 1942		$2,310,750.57

NOTE—This adjustment represents a reversal of provision for security depreciation, which was charged against income in prior years, and is an amount equal to the security depreciation at Dec. 31, 1941 (see balance sheet Note with respect to quoted market valuation of securities at Dec. 31, 1942).

BALANCE SHEET—DEC. 31, 1942

Assets—		
Cash		$5,551,764.42
Cash pledged against securities borrowed		90,815.00
U. S. Govt. obligations—direct and fully guaranteed		76,901,933.01
Other securities, bonds, and stocks		6,758,810.35
Securities carried in joint trading accounts		2,500,127.97
Securities sold not yet delivered—at selling price		21,254,995.68
Good faith deposits		33,192.00
Miscellaneous accounts receivable and accrued interest		213,868.36
Furniture and fixtures—less depreciation		32,226.09
Tax stamps		15,325.00
Deferred items		21,147.38
Total		$113,374,205.25
Liabilities—		
Collateral loans payable		$78,055,698.78
Deposits on securities loaned		8,200.00
Securities sold not yet purchased		6,712,851.68
Securities purchased not yet received—at purchase price		16,495,553.91
Accrued Federal, State, and City taxes		163,546.28
Due customers		574,049.36
Miscellaneous accounts payable and accrued expenses		190,229.47
Reserves for miscellaneous items		63,325.20
Reserve for contingencies		300,000.00
Capital stock and surplus:		
Capital stk (auth. & iss., 500,000 shrs. of $10 each)	$5,000,000.00	
Paid-in surplus	4,000,000.00	
Earned surplus	2,310,750.57	
Total	$11,310,750.57	
Less—50,000 shrs. of cap. stk. in treasury—at cost	500,000.00	10,810,750.57
Total		$113,374,205.25

NOTES—Securities owned and securities sold not yet purchased are stated at cost and sales prices, respectively. Exclusive of certain investment securities which are closely held and not quoted on the market (stated at $1,895,999.72), the quoted market valuation of securities owned and securities sold not yet purchased is $37,125.69 in excess of the aggregate stated value thereof; the investment securities, which are stated at $1,895,999.72 and not quoted on the market, includes securities of The Virginian Corporation stated at $1,649,982.00 which are represented by $1,500,000 par value of Class A preferred stock, $189,000 par value of Class B preferred stock, and 3,750 shares of common stock (dividends have been received regularly since acquisition of these stocks—in cash, at 6%, on both classes of preferred stocks, and in cash and/or Class B preferred stock on the common stock).

Securities having a quoted market valuation of $80,101,300 are pledged as collateral to loans payable; securities having a quoted market valuation of $6,681,500 are pledged as collateral against securities borrowed.

The corporation had contingent accounts as follows:

Commitments as a member of various groups to purchase securities	$886,130.00
Securities purchased on a "when issued" basis	227,500.90
Securities sold on a "when issued" basis	227,708.87

Daily Average Crude Oil Production For Week Ended Feb. 6, 1943 Increased 26,950 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Feb. 6, 1943 was 3,853,350 barrels, an increase of 26,950 barrels over the preceding week. The current figure, however, was 483,550 barrels per day less than during the corresponding period last year, and was 308,950 barrels below the daily average figure for the month of February, 1943 as recommended by the Petroleum Administration for War. Daily production for the four weeks ended Feb. 6, 1943 averaged 3,844,600 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 3,692,000 barrels of crude oil daily and produced 10,479,000 barrels of gasoline; 4,220,000 barrels of distillate fuel oil, and 7,690,000 barrels of residual fuel oil during the week ended Feb. 6, 1943; and had in storage at the end of that week 90,253,000 barrels of gasoline; 35,503,000 barrels of distillate fuels, and 71,095,000 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 February	*State Allowables Beginning Feb. 1	—Actual Production— Week Ended Feb. 6 1943	Change From Previous Week	4 Weeks Ended Feb. 6 1943	Week Ended Feb. 7 1942
Oklahoma	395,300	395,300	†349,500	+ 1,750	347,800	408,200
Kansas	310,500	310,500	†305,700	+13,900	301,400	246,700
Nebraska	3,000	----	†2,350	----	2,450	5,100
Panhandle Texas			88,900	+ 500	88,500	92,550
North Texas			135,350	— 1,350	136,250	148,200
West Texas			201,100	----	200,900	353,400
East Central Texas			100,000	— 1,600	101,200	95,750
East Texas			325,100	— 2,500	327,000	439,100
Southwest Texas			166,800	+ 100	166,600	255,200
Coastal Texas			320,000	+11,200	311,500	344,200
Total Texas	1,452,000	‡1,452,714	1,337,250	+ 6,350	1,331,950	1,731,400
North Louisiana			91,500	— 350	91,600	80,700
Coastal Louisiana			246,550	— 1,150	247,250	283,850
Total Louisiana	349,800	362,300	338,050	— 1,500	338,850	364,550
Arkansas	78,700	74,826	75,850	+ 950	75,250	74,600
Mississippi	50,000		†54,350	— 950	56,450	83,550
Illinois	272,200		238,500	+ 8,950	234,100	370,500
Indiana	17,200		†18,350	+ 1,750	15,950	20,900
Eastern (not incl. Ill. & Ind.)	114,600		89,100	— 5,400	91,100	90,350
Michigan	63,700		56,700	— 4,100	59,700	53,200
Wyoming	94,100		86,500	— 3,450	87,550	89,400
Montana	24,700		21,400	— 900	22,200	20,750
Colorado	7,000		7,050	+ 700	6,650	6,650
New Mexico	105,800	105,800	98,300	----	98,250	120,700
Total east of Calif.	3,338,600		3,078,950	+18,050	3,069,650	3,686,550
California	823,700	§823,700	774,400	+ 8,900	774,950	650,350
Total United States	4,162,300		3,853,350	+26,950	3,844,600	4,336,900

*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 November, 1942, as follows: Oklahoma, 29,900; Kansas, 5,800; Texas, 106,300; Louisiana, 20,800; Arkansas, 3,000; Illinois, 10,300; Eastern (not including Illinois and Indiana), 11,500; Michigan, 100; Wyoming, 2,600; Montana, 300; New Mexico, 5,800; California, 42,100.

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

‡This is the net basic allowable as of Feb. 1 calculated on a 28-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 3 to 13 days, the entire state was ordered shut down for 10 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 of 10 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 FEB. 6, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

					Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis			
District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.2	1,650	67.5	4,689	39,277	16,871	¶10,680
Appalachian	177	84.8	152	85.9	416	3,015	668	590
Ind., Ill., Ky.	811	85.0	731	90.1	2,380	18,590	4,479	2,634
Okla., Kansas, Mo.	416	80.1	353	84.9	1,068	7,320	1,511	1,387
Rocky Mountain	147	48.0	86	58.5	303	1,886	371	522
California	817	89.9	720	88.1	1,623	20,165	11,603	55,282
Tot. U. S. B. of M. basis Feb. 6, 1943	4,812	85.9	3,692	76.7	10,479	†90,253	35,503	71,095
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
U. S. Bur. of Mines basis Feb. 7, 1942			3,845		12,877	103,173	40,220	89,555

*At the request of the Petroleum Administration for War. †Finished, 80,169,000 barrels; unfinished, 10,084,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 4,220,000 barrels of gas oil and distillate fuel and 7,690,000 barrels of residual fuel oil produced during the week ended Feb. 6, 1943, which compares with 3,888,000 barrels and 7,452,000 barrels, respectively, in the preceding week, and 3,801,000 barrels and 6,789,000 barrels, respectively, in the week ended Feb. 7, 1942. ¶Includes approximately 125,000 barrels not previously reported.

Steady Flow Of New Capital Necessary To Perpetuation Of Private Enterprise

The perpetuation of our economic system is dependent upon a constant flow of fresh capital, for without the accumulation of this fund whereby producers' goods—tools, machinery, buildings, transportation, and storage facilities—are created, mankind would still be in a primitive stage, eking out a precarious living from day to day, the victim of a capricious nature, says the First National Bank of Boston in its current "New England Letter." Continuing, the bank says:

"The real source of this fund is savings, which are an excess of production over consumption and are used in large measure to finance modern facilities that lower costs, broaden markets, and create jobs. Any increase in productivity by means of new inventions, modern equipment, improved management, and greater efficiency of labor contributes toward the growth of savings. Inasmuch as savings involve waiting, and the postponement of consumption, confidence in the future is necessary in order that individuals may practice thrift and businessmen be willing to assume the risk of directing their investments into productive channels.

"The chief source of capital savings in this country over the decades has been surplus earnings ploughed back into business. Most of the remainder has come from the savings of the well-to-do. The amount of new capital invested has constituted but 5% of our national income. But the investment of this relatively small fund has been largely responsible for our unparalleled progress in the last 150 years, during which period per capita income about doubled every 35 years. Labor has shared handsomely in this progress. During the past five decades the trend of real wages has corresponded very closely to increased productivity. In the long run this must be so, for under a system of mass production there must be a steady flow of consumer income to absorb the output of the factories."

Congratulates Stalin On Stalingrad Victory

President Roosevelt on Feb. 4 sent a congratulatory message to Premier Joseph Stalin of Soviet Russia on the "brilliant victory" achieved by the Russian Army at Stalingrad.

The President's message, addressed to the supreme commander of the armed forces of the Union of Soviet Socialist Republics, follows:

"As Commander in Chief of the armed forces of the United States of America, I congratulate you on the brilliant victory at Stalingrad of the armies under your supreme command. The 162 days of epic battle for the city which has forever honored your name and the decisive result, which all Americans are celebrating today, will remain one of the proudest chapters in this war of the peoples united against nazism and its emulators.

"The commanders and fighters of your armies at the front and the men and women who have supported them in factory and field have combined not only to cover with glory their country's arms but to inspire by their example fresh determination among all the United Nations to bend every energy to bring about the final defeat and unconditional surrender of the common enemy."

In reply, Premier Stalin on Feb. 5 expressed the "conviction that joint military operations of the United States, Great Britain and the U. S. S. R. in the near future will bring about victory over our common enemy." The message, recorded in London by the British news agency, Reuters, said, according to the Associated Press:

"To Franklin Roosevelt, Commander-in-Chief of the armed forces of the U. S. A.:

"I thank you for your congratulations in connection with the victory of the Soviet forces at Stalingrad.

"I express my conviction that joint military operations of the armed forces of the U. S. A., Great Britain and the U. S. S. R. in the near future will bring about victory over our common enemy.

"STALIN."

Stalin Receives Note On African Parley

A joint note from President Roosevelt and Prime Minister Churchill was handed to Premier Stalin at the Kremlin in Moscow on Jan. 27 by Admiral William H. Standley, U. S. Ambassador to Soviet Russia, and W. Lacy Boggallay, British Charge d'Affaires. The contents of the note were not revealed but it is believed they related to military plans.

Premier Stalin had been invited to meet with Mr. Roosevelt and Mr. Churchill at their Casablanca conference but as indicated in the communique regarding the meeting (given in our Jan. 28 issue, page 370) was unable to leave Russia because of his direction of the Russian offensive. However, he had been "fully informed of the military proposals," according to the official communique from North Africa.

Statutory Debt Limitation As Of Jan. 31, 1943

The Treasury Department made public on Feb. 5 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on Jan. 31, 1943, totaled $113,814,381,604, thus leaving the face amount of obligations which may be issued subject to the $125,000,000,000 statutory debt limitation at $11,185,618,396. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($113,814,381,604) should be deducted $3,696,483,649 (the unearned discount on savings bonds), reducing the total to $110,117,897,955. However, to this latter figure should be added $951,426,439 (other public debt obligations outstanding but not subject to the statutory limitation). Thus the total gross public debt outstanding as of Jan. 31, 1943 was $111,069,324,394.

The following is the Treasury's report for Jan. 31:

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

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

Total face amount that may be outstanding at any one time			$125,000,000,000
Outstanding as of Jan. 31, 1943:			
Interest-bearing:			
Bonds—			
Treasury	$49,273,473,150		
*Savings (maturity value)	19,942,606,000		
Depositary	136,863,000		
Adjusted service	724,179,607		
		$70,077,121,757	
Treasury notes	21,638,640,950		
Certificates of indebtedness	14,386,044,000		
Treasury bills (maturity value)	7,422,689,000		
		43,447,373,950	
		113,524,495,707	
Matured obligations, on which interest has ceased		64,984,650	
Bearing no interest (U. S. War Savings stamps)		224,901,247	
			113,814,381,604
Face amount of obligations issuable under above authority			$11,185,618,396

RECONCILEMENT WITH STATEMENT OF THE PUBLIC DEBT
(On the basis of Daily Treasury Statements)
JAN. 31, 1943

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act, as amended		$113,814,381,604
Deduct unearned discount on Savings bonds (difference between maturity value and current redemption value)		3,696,483,649
		110,117,897,955
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (Pre-War, etc.)	195,960,420	
Matured obligations on which interest has ceased	10,303,595	
Bearing no interest	745,162,424	
		951,426,439
Total gross public debt outstanding Jan. 31, 1943		$111,069,324,394

*Approximate maturity value. Principal amount (current redemption value) according to statements of the public debt on the basis of Daily Treasury Statements $16,246,122,351.

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation Declined In January

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of January, 1943, amounted to 1,685,993 net tons, compared with 1,849,635 net tons in the preceding month, a decrease of 163,642 net tons, and with 1,738,893 net tons in the corresponding month in 1942, a decrease of 52,900 net tons. The decrease in January, 1943, shipments was due in part to the shorter work month, having only 25 work days, as against 27 days in December and 26 days in January, last year.

January shipments were the second highest for that particular month in the history of the Corporation.

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

	1943	1942	1941	1940	1939	1929
January	1,685,993	1,738,893	1,682,454	1,145,592	870,866	1,364,801
February	------	1,616,587	1,548,451	1,009,256	747,427	1,388,407
March	------	1,780,938	1,720,366	931,905	845,108	1,605,510
April	------	1,758,894	1,687,674	907,904	771,752	1,617,302
May	------	1,834,127	1,745,295	1,084,057	795,689	1,701,874
June	------	1,774,068	1,668,637	1,209,684	607,562	1,529,241
July	------	1,765,749	1,666,667	1,296,887	745,364	1,480,008
August	------	1,788,650	1,753,665	1,455,604	885,636	1,500,281
September	------	1,703,570	1,664,227	1,392,838	1,086,683	1,262,874
October	------	1,787,501	1,851,279	1,572,408	1,345,855	1,333,385
November	------	1,665,545	1,624,186	1,425,352	1,406,205	1,110,050
December	------	1,849,635	1,846,036	1,544,623	1,443,969	931,744
Total by mos.	------	21,064,157	20,458,937	14,976,110	11,752,116	16,825,477
Yearly adjust	------	------	*42,333	37,639	*44,865	*12,827
Total	------	------	20,416,604	15,013,749	11,707,251	16,812,650

*Decrease.

NOTE—The monthly shipments as currently reported during the year 1942, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on Feb. 10 that reports received by the bank from commercial paper dealers show a total of $220,400,000 of open market paper outstanding on Jan. 30. This was the eleventh successive monthly decline. The total outstanding for Dec. 31, 1942 was $229,900,000 and for Jan. 31, 1942, $380,600,000.

Following are the totals for the last two years:

	$		$
1943—		1941—	
Jan. 30	380,600,000	Dec. 31	374,500,000
1942—		Nov. 29	387,100,000
Dec. 31	229,900,000	Oct. 31	377,700,000
Nov. 30	260,600,000	Sept. 30	370,500,000
Oct. 31	271,400,000	Aug. 30	353,900,000
Sept. 30	281,800,000	July 31	329,900,000
Aug. 31	297,200,000	June 30	299,000,000
July 31	305,300,000	May 31	295,000,000
June 30	315,200,000	Apr. 30	274,600,000
May 29	354,200,000	Mar. 31	263,300,000
Apr. 30	373,100,000	Feb. 28	240,700,000
Mar. 31	384,300,000	Jan. 31	232,400,000
Feb. 28	388,400,000		
Jan. 31	380,600,000		

Trading On New York Exchanges

The Securities and Exchange Commission made public Feb. 12 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. 30, 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. 30 (in round-lot transactions) totaled 2,064,060 shares, which amount was 16.86% of total transactions on the Exchange of 6,122,290 shares. This compares with member trading during the week ended Jan. 23 of 1,328,075 shares, or 15.69% of total trading of 4,232,170 shares. On the New York Curb Exchange, member trading during the week ended Jan. 30 amounted to 336,260 shares, or 14.93% of the total volume of that Exchange of 1,126,375 shares; during the Jan. 23 week trading for the account of Curb members of 318,260 shares was 19.07% of total trading of 834,550 shares.

The Commission made available the following data for the week ended Jan. 30:

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	946	649
1. Reports showing transactions as specialists	174	91
2. Reports showing other transactions initiated on the floor	181	28
3. Reports showing other transactions initiated off the floor	229	92
4. Reports showing no transactions	468	507

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 30, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	133,050	
‡Other sales	5,989,240	
Total sales	6,122,290	
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	497,880	
Short sales	56,180	
‡Other sales	397,960	
Total sales	454,140	7.78
2. Other transactions initiated on the floor—		
Total purchases	376,800	
Short sales	19,150	
‡Other sales	289,810	
Total sales	308,960	5.60
3. Other transactions initiated off the floor—		
Total purchases	240,635	
Short sales	26,100	
‡Other sales	159,545	
Total sales	185,645	3.48
4. Total—		
Total purchases	1,115,315	
Short sales	101,430	
‡Other sales	847,315	
Total sales	948,745	16.86

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

WEEK ENDED JANUARY 30, 1943

	Total for week	†Per cent
A. Total Round-Lot Sales:		
Short sales	6,885	
‡Other sales	1,119,490	
Total sales	1,126,375	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	101,885	
Short sales	6,560	
‡Other sales	90,790	
Total sales	97,350	8.85
2. Other transactions initiated on the floor—		
Total purchases	34,535	
Short sales	0	
‡Other sales	31,455	
Total sales	31,455	2.93
3. Other transactions initiated off the floor—		
Total purchases	34,125	
Short sales	0	
‡Other sales	36,910	
Total sales	36,910	3,15
4. Total—		
Total purchases	170,545	
Short sales	6,560	
‡Other sales	159,155	
Total sales	165,715	14.93
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	29,747	
Total purchases	29,747	
Total sales	22,607	

*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. 12 a summary for the week ended Feb. 6 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 Feb. 6, 1943

	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	18,842
Number of Shares	523,004
Dollar Value	17,461,478
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	140
*Customers' other sales	16,266
Customers' total sales	16,406
Number of Shares:	
Customers' short sales	4,189
*Customers' other sales	430,894
Customers' total sales	435,083
Dollar value	12,837,060
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	120
†Other sales	92,050
Total sales	92,170
Round-lot Purchases by Dealers—	
Number of Shares	161,070

*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."

Mullenix Urges Renters to Resist Rising Prop. Taxes

If the 55% of the American families who rent their homes and apartments got an itemized monthly bill broken down to show that as much as a third or fourth of it goes for taxes, they could be shaken from their indifferent attitude toward the property tax, the one that affects them closest home, according to Charles A. Mullenix, President of the Mortgage Bankers Association of America.

"An itemized bill might not be such a bad idea either, particularly now when everyone is becoming accustomed to ceiling prices for most of the things they buy and sell," Mr. Mullenix stated, adding that "there is no ceiling on local real estate taxes and there never will be one if we wait for those who collect and spend the taxes to set up one."

The wartime trend in real estate taxation will be renewed at the Association's second 1943 "War and Post-War Clinic" in Chicago, Feb. 26 and 27, Mr. Mullenix said.

Six months ago the Association warned that the 45% of the nation's families who own and occupy their own homes or flats, should prepare now to resist possible attempts to increase real estate taxes during the next two years. Since then, Mr. Mullenix said, it has become apparent that the threat is growing. In one large city the 1942 tax rate will probably be set at an all-time high of $10.55 for each $100 of assessed value and similar cases are being reported from other parts of the country. In his remarks Mr. Mullenix also stated:

"The man who pays $30 a month rent often pays about $20 rent and $10 taxes. A business firm paying $400 monthly rent often pays $300 rent and $100 taxes. It is probably going to take some dramatic unorthodox device to make renters understand that they have most to gain in holding real estate taxes down and help call a halt to the trend toward shifting every new municipal burden on real property."

Revenue Freight Car Loadings During Week Ended Feb. 6, 1943 Amounted to 755,386 Cars

Loading of revenue freight for the week ended Feb. 6, 1943, totaled 755,386 cars, the Association of American Railroads announced on Feb. 12, 1943. This was a decrease below the corresponding week of 1942, of 28,576 cars or 3.7%, but an increase above the same week in 1941, of 45,190 cars or 6.4%.

Loading of revenue freight for the week of Feb. 6, increased 20,804 cars or 2.8% above the preceding week.

Miscellaneous freight loading totaled 357,593 cars, an increase of 7,050 cars above the preceding week, and an increase of 4,746 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 91,477 cars, an increase of 2,892 cars above the preceding week, but a decrease of 60,241 cars below the corresponding week in 1942.

Coal loading amounted to 174,184 cars, an increase of 4,354 cars above the preceding week, and an increase of 21,132 cars above the corresponding week in 1942.

Grain and grain products loading totaled 52,024 cars, an increase of 2,072 cars above the preceding week, and an increase of 10,707 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Feb. 6, totaled 35,542 cars, an increase of 1,914 cars above the preceding week and an increase of 7,676 cars above the corresponding week in 1942.

Live stock loading amounted to 12,681 cars, a decrease of 641 cars below the preceding week, but an increase of 2,267 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of Feb. 6, totaled 9,142 cars, a decrease of 527 cars below the preceding week, but an increase of 1,538 cars above the corresponding week in 1942.

Forest products loading totaled 37,241 cars, an increase of 4,624 cars above the preceding week but a decrease of 9,905 cars below the corresponding week in 1942.

Ore loading amounted to 15,309 cars, an increase of 769 cars above the preceding week and an increase of 1,904 cars above the corresponding week in 1942.

Coke loading amounted to 14,877 cars, a decrease of 316 cars below the preceding week, but an increase of 814 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
5 weeks of January	3,530,849	3,858,479	3,454,409
Week of Feb. 6	755,386	783,962	710,19[illegible]
Total	4,286,235	4,642,441	4,164,605

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 6, 1943. During this period only 48 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED FEB. 6

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	249	638	548	1,200	1,485
Bangor & Aroostock	2,321	2,005	1,926	162	256
Boston & Maine	5,754	7,970	7,817	15,343	14,261
Chicago, Indianapolis & Louisville	1,329	1,346	1,240	2,018	2,359
Central Indiana	53	33	11	70	50
Central Vermont	911	1,325	1,293	2,027	2,221
Delaware & Hudson	6,399	6,494	5,789	11,579	11,162
Delaware, Lackawanna & Western	7,799	9,193	9,199	12,033	9,122
Detroit & Mackinac	225	282	248	104	140
Detroit, Toledo & Ironton	1,846	2,352	3,079	1,948	1,733
Detroit & Toledo Shore Line	317	305	375	3,559	3,794
Erie	12.540	14,433	13,562	18,319	16,077
Grand Trunk Western	3,667	4,842	5,800	9,183	8,727
Lehigh & Hudson River	161	213	162	2,922	3,152
Lehigh & New England	1.922	1,686	1,687	1,629	1,539
Lehigh Valley	7,870	9.113	9,129	11,215	9,938
Maine Central	2,340	3,598	3,331	4,062	3,674
Monongahela	6,035	6,069	4,891	332	470
Montour	2,587	1,885	2,009	39	49
New York Central Lines	45,033	45,615	44,150	57,095	49,546
N. Y., N. H. & Hartford	9,040	12,427	10,941	18,355	17,028
New York, Ontario & Western	918	1,128	1,076	2,550	2,255
New York, Chicago & St. Louis	7 078	6,866	5,070	15,357	14,089
N. Y., Susquehanna & Western	392	540	453	1,525	1,471
Pittsburgh & Lake Erie	7,283	7,351	7,710	8,030	7,238
Pere Marquette	4,454	5,336	6,185	7,867	6,476
Pittsburg & Shawmut	712	562	515	3	47
Pittsburg, Shawmut & North	305	414	421	293	311
Pittsburgh & West Virginia	942	747	733	3,854	2.257
Rutland	285	516	587	1.070	1,027
Wabash	5,807	6,013	5,650	13,012	11,804
Wheeling & Lake Erie	4,626	4.388	4,311	6,190	4,101
Total	151.200	165.685	159 898	232,975	207.859
Allegheny District—					
Akron, Canton & Youngstown	745	705	588	1,233	1,034
Baltimore & Ohio	37,228	39,184	34,170	27,736	23.105
Bessemer & Lake Erie	3,322	3,303	3,261	1,849	1,360
Buffalo Creek & Gauley	252	320	273	4	5
Cambria & Indiana	1,919	1,856	1,837	5	12
Central R. R. of New Jersey	6,413	7,486	6,970	20,705	16,859
Cornwall	445	604	615	39	74
Cumberland & Pennsylvania	261	308	340	16	29
Ligonier Valley	128	125	158	56	59
Long Island	987	800	634	3,300	3,247
Penn-Reading Seashore Lines	1.480	1,754	1,304	2,723	1,956
Pennsylvania System	72,656	77,366	69.706	58,954	55,533
Reading Co.	14,096	16,003	16,143	30,052	26,152
Union (Pittsburgh)	20,616	18,946	19,694	4,728	3,868
Western Maryland	3,702	4,010	3,637	13,960	10,495
Total	164,250	172,770	159,330	165,360	143,788
Pocahontas District—					
Chesapeake & Ohio	26.148	23,278	22,602	11,179	10,045
Norfolk & Western	20,911	20,073	21,416	7,430	6,384
Virginian	4,815	4,351	4,397	2,474	2,124
Total	51,874	47.702	48.415	21,083	18,553
Southern District—					
Alabama, Tennessee & Northern	389	381	285	394	334
Atl. & W. P.—W. R. R. of Ala.	754	899	810	2,840	2,285
Atlanta, Birmingham & Coast	638	799	709	1,496	1,153
Atlantic Coast Line	14.948	12,927	10,988	11,316	8,260
Central of Georgia	4,0[illegible]0	4.520	4,174	4,395	4,365
Charleston & Western Carolina	433	444	436	1,685	1,712
Clinchfield	1,620	1,693	1,557	2,978	2,904
Columbus & Greenville	365	252	258	229	286
Durham & Southern	89	179	162	337	557
Florida East Coast	3,131	1,354	998	1,510	1,213
Gainesville Midland	37	39	36	106	126
Georgia	1,602	1,460	1,068	2,991	2,595
Georgia & Florida	400	449	321	529	692
Gulf, Mobile & Ohio	3,621	4,441	3,387	5,307	3,754
Illinois Central System	25,604	28,768	21,639	15,746	15,053
Louisville & Nashville	25,053	24,582	23,309	11,289	8,845
Macon, Dublin & Savannah	179	190	120	948	813
Mississippi Central	249	168	148	500	625
Nashville, Chattanooga & St. L.	3,301	3,234	3,131	5,110	3,733
Norfolk Southern	1,197	1,289	1,162	1.685	1,383
Piedmont Northern	352	531	464	1,200	1,548
Richmond, Fred. & Potomac	323	458	359	9 [illegible]48	9,[illegible]
Seaboard Air Line	10,546	10,686	10.160	8,987	8,109
Southern System	21,191	24,410	23,346	24.855	21,954
Tennessee Central	475	531	522	931	840
Winston-Salem Southbound	108	126	139	979	1,007
Total	120,715	124.865	109,688	117,991	103,290
Northwestern District—					
Chicago & North Western	14,397	18,364	15,067	13,044	14,044
Chicago Great Western	2,475	2,751	2,278	3,520	3,569
Chicago, Milw., St. P. & Pac.	19,399	22,414	19,925	10,957	10,040
Chicago, St. Paul, Minn. & Omaha	3,799	4,903	3,873	3,640	4,373
Duluth, Missabe & Iron Range	1,380	1,203	927	311	429
Duluth, South Shore & Atlantic	657	731	560	493	600
Elgin, Joliet & Eastern	8,830	9,786	9,808	10,698	10,405
Ft. Dodge, Des Moines & South	329	509	423	114	137
Great Northern	10,224	11,843	9,336	4,323	4,44[illegible]
Green Bay & Western	443	597	570	624	83[illegible]
Lake Superior & Ishpeming	245	335	218	73	72
Minneapolis & St. Louis	1.935	2,410	1,518	2,259	2.563
Minn., St. Paul & S. S. M.	4.834	5,696	4.959	3,486	3,602
Northern Pacific	8,876	10,436	9,233	4,553	4,349
Spokane International	39	102	71	304	390
Spokane, Portland & Seattle	1,480	2,605	1,799	2,504	2,617
Total	79.342	94.690	80,565	60 903	62,474
Central Western District—					
Atch., Top. & Santa Fe System	20,834	22,225	17,770	12,067	9,410
Alton	3,039	3,349	3,095	4,428	3,281
Bingham & Garfield	490	472	477	104	96
Chicago, Burlington & Quincy	18,822	17,375	15,194	12,288	11,213
Chicago & Illinois Midland	2,773	2,993	2,670	851	860
Chicago, Rock Island & Pacific	11,605	12,031	10,463	13,677	12.024
Chicago & Eastern Illinois	2,291	2,794	2,535	5,440	3,183
Colorado & Southern	716	762	720	1,799	1,537
Denver & Rio Grande Western	*3,684	2,916	2,684	*4,799	4,63[illegible]
Denver & Salt Lake	852	638	493	7	7
Fort Worth & Denver City	995	1,187	919	1,057	1,233
Illinois Terminal	1,622	1,916	1,633	1,629	1,494
Missouri-Illinois	861	1,173	792	513	48[illegible]
Nevada Northern	2,021	1,915	1,913	127	137
North Western Pacific	577	722	638	633	351
Peoria & Pekin Union	24	12	20	0	0
Southern Pacific (Pacific)	25,981	25,850	23,797	12,278	9,270
Toledo, Peoria & Western	297	213	304	1,659	928
Union Pacific System	13,866	15,261	13,400	14,028	11,67[illegible]
Utah	593	562	412	1	6
Western Pacific	2,282	1,857	1,733	3,417	3,026
Total	114.235	116,223	101,665	90,802	74,84[illegible]
Southwestern District—					
Burlington-Rock Island	888	175	133	141	291
Gulf Coast Lines	6,781	4,896	3,130	2,414	2,902
International-Great Northern	3,204	2,264	1,496	3,684	2,804
Kansas, Oklahoma & Gulf	350	344	165	910	1,103
Kansas City Southern	5,325	3,269	2,314	2,737	2,632
Louisiana & Arkansas	3,477	2,441	2,017	2,264	2,349
Litchfield & Madison	320	409	351	1,034	1,231
Midland Valley	653	540	594	270	242
Missouri & Arkansas	144	210	148	368	493
Missouri-Kansas-Texas Lines	6,435	5,041	3,971	6,738	4,673
Missouri Pacific	16,828	17,385	15,149	19,413	13,865
Quanah Acme & Pacific	112	154	95	199	229
St. Louis-San Francisco	8,933	8,705	7,619	8,346	7,285
St. Louis Southwestern	3,051	3,660	2,436	6,059	4,744
Texas & New Orleans	12,860	8,183	7,061	5,310	5,352
Texas & Pacific	4,294	4,195	3,829	7,238	6,954
Wichita Falls & Southern	95	136	117	23	37
Weatherford M. W. & N. W.	20	20	10	59	21
Total	73,770	62,027	50,635	67,207	57,207

*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	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
Feb. 6	169,417	140,836	439,304	89	87

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)

place. Why should there be the attempt to run every phase of American life from a bureau here in Washington? Why should there be the attempt to control the whole American economy through the regulations of a Washington bureau?

The situation isn't going to be changed by the fact that more popular administrators are being placed in the saddle. Bureaucracy can't be made comfortable and in my humble opinion, it can't be made workable in this country.

But it is unquestionably the fact that a very definite move is now afoot to popularize bureaucracy. Prentiss Brown intends to do it through loading up his OPA with politicians. We reported last week a couple or so of lame ducks whom he was taking onto his payroll. The number is growing by leaps and bounds. And it seems to be a fact that he intends to get rid of the so-called long-haired fellows, namely Dave Ginsburg, the general counsel, for whom Leon Henderson sought and got a draft deferment on the grounds that he was essential to prevent inflation. It is my definite conviction, too, that politicians, or lame ducks, in the bureaus, will make them more responsive to the people and therefore, put some common sense into a lot of the regulations. It may be that under the circumstances, it is necessary to go about it in this indirect way to get at the thwarting of the war effort which bureaucracy has brought about. A much quicker way would be simply to clean out the bureaucracy.

For example, unless we rip out the structure we are bound to have such a situation as we now have in the War Production Board. Believe it or not, but two hard-boiled business men over there have done things which is about to make the Dies Committee scream. Charles E. Wilson has moved into his high councils two decidedly pinkish-hued fellows, namely Walter Reuther and Mordecai Ezekiel. Reuther is to be remembered as the fellow who absorbed Communism in the universities of the Soviet, who sold the Administration on the $25,000 salary limitation project, who has done his part to keep the automobile industry in a turmoil ever since he got back from Russia about the time of the advent of the New Deal. Walter now has a simple little plan — he's a youngish, aggressive fellow who is determined to make his mark in the world—whereby industry and the Government together would guarantee the worker a certain weekly wage; Walter having in mind, if he has his way, that industry and Government will soon be one and the same; permanently as it is now in war time. Ezekiel has been a subordinate economist in the Department of Agriculture for years, even back in the Hoover days. But no one worried about what a subordinate economist thought in those days. With the New Deal giving an expression to these fellows, accepting them into its policy formulation councils, Mordecai came to express himself more and more radically. But he had been pretty well suppressed until Industrialist Wilson lifts him up again.

Ferdinand Eberstadt, a rival of Wilson's and apparently thinking he needed to be surrounded by the same sort of talent, had Dr. Melvin De Chazeau, who was the hot shot attacker of the Steel industry before the Senate Monopoly Committee back in 1938. Is there any wonder that the WPB was divided between the Wilson and Eberstadt factions?

Items About Banks, Trust Companies

Harry E. Ward, Chairman of the Board of Irving Trust Company of New York, announces the election of Donald B. Vail as a Vice-President of the company. As an executive in the banking department he will be identified with the extensive financing of war industries in which the company has taken part, as well as with other loaning activities. In the past he has participated in this work in his former capacity of Assistant Resident Counsel. Mr. Vail is a graduate of Cornell University and Harvard Law School. During the first World War he was a Naval aviator. Following his graduation from Harvard in 1921 he began his practice of law with the firm of Breed, Abbott & Morgan and later was associated with Baldwin, Hutchins & Todd, predecessor to the present firm of Baldwin, Todd & Young. He became associated with the Irving Trust Company in 1933.

Arthur S. Kleeman, President of the Colonial Trust Company of New York, announced on Feb. 10 the promotion of Walter J. Klaum to Manager, Personal Checking Department.

John H. Meyerholz, Vice-President of Manufacturers Trust Company of New York, died on Feb. 10 at his home in Crestwood, N. Y., after an illness of some months. He was 69 years old and had been with the bank for 48 years. Mr. Meyerholz, a native of New York City, began his banking career in 1894 with the former West Side Bank, at Eighth Avenue corner 34th Street, New York. In 1914, he was elected an Assistant Cashier of that institution. Four years later, this bank was merged into Manufacturers Trust Co. and became known as the West Side office of the latter bank. Mr. Meyerholz continued as an officer of Manufacturers Trust Co., and following the merger, he was elected an Assistant Secretary. Three years later, he was promoted to Assistant Vice-President, and in 1929, he was elected Vice-President. His entire banking career was spent in the West Side office.

Laurus E. Sutton, a former prominent Brooklyn (N. Y.) banker, died on Feb. 13 at his home in Suffern, N. Y. Mr. Sutton, it is noted in the Brooklyn "Daily Eagle," resigned in 1928 as Vice-President and Trustee of the Brooklyn Savings Bank after 41 years with that institution. He began his career with the bank as a clerk in 1887 and became Cashier in 1910. He became Controller in 1912 and Vice-President in 1926. He had been on the bank's Board of Trustees for eight years. Mr. Sutton, who at his death was 72 years of age, had served as President of the Bankers Club of Brooklyn in 1918, was also a leading figure in Group V. of the State Bankers Association and a Director of the Mechanics Bank of Brooklyn. He was head of the annual Red Cross drive in Brooklyn in 1929.

Edward F. Shanbacker, former President of several Philadelphia banking institutions, died on Feb. 11 at his home in New York City after a long illness. He was 73. Mr. Shanbacker was head of the former Fourth Street National Bank, and when that institution was merged with the Franklin National Bank he was chosen President of the combined organization. In 1928 the Philadelphia-Girard National Bank, and the Franklin National Bank merged, with Mr. Shanbacker becoming Chairman of the Executive Committee of the new institution, the Philadelphia National Bank. He held the post until his retirement in December, 1940.

Major John D. Ames, recently called into active service in the United States Army, resigned on Feb. 10 as President of the Industrial National Bank of Chicago. John S. Miller, general counsel of the bank, was elected President to fill the vacancy. Mr. Miller will continue his association with the law firm of Taylor, Miller, Busch & Boyden.

The directors of the bank declared the regular semi-annual dividend of $1 a share, payable 50¢ a share on March 15th to stock of record March 10th, and 50¢ a share on June 15th to stock of record June 10th.

25% Of 1943 Food To Armed Forces, Allies

Secretary of Agriculture Claude R. Wickard said on Jan. 27 that our armed forces and allies will need almost a quarter of the country's 1943 agricultural production and that amount will be divided equally between the two groups.

Mr. Wickard, in an address to the National Association of Wholesale Grocers at Chicago, said the needs of liberated countries probably will bring the special war requirements up to at least a full quarter of our total production.

"We must have food ready to follow our advancing armies," he said. "We cannot jeopardize their safety by leaving starving civilians behind their lines."

United Press Chicago advices further said:

Mr. Wickard estimated that military and Lend-Lease needs together took between 12% and 13% of last year's food production. Of this total 56% went to our own armed forces and 44% for our allies. About three-quarters of it went to Britain or other parts of the Empire and about a fifth to Russia.

"By the end of the year," Mr. Wickard said, "the trend of shipments to Russia took a sharp turn upward. In December, for the first time, the shipments to Russia were larger than the combined shipments to the United Kingdom and other British destinations."

Practically all the food we sent to Russia went to the Red Army, according to Mr. Wickard.

"I am proud to think that American food helped break the siege of Leningrad, helped hold Stalingrad, and helped crack the Nazi line in the Caucasus," he said.

Hays Named Chairman Of Newspaper Association

Chairman William H. Davis of the National War Labor Board, on Feb. 9 appointed Prof. Paul R. Hays of the Columbia University Law School as the impartial chairman of the Five-Man Adjustment Board established in the contract of the Publishers' Association of New York City and the Newspaper and Mail Deliverers Union of New York and vicinity. The contract between the association and union provided that the appointment of the impartial chairman should be made by the WLB Chairman in the event the parties were unable to agree on the selection. The Five-Man Board is the final step in grievance machinery in the contract. Chairman Davis was requested to make the selection following failure of the association and the union to agree on the impartial chairman.

Professor Hays is Professor of Contracts in the Columbia University Law School and has been a member of the New York State Mediation Board for some time.

The final award in the dispute was reported in our issue of Feb. 4, page 502.

Continued Threat Of Inflation Overshadows All Other Dangers, Says Headley Of ABA

The assertion that "overshadowing all other dangers just now is the continued threat of inflation," was made on Feb. 9 by Louis S. Headley, Vice-President of the First Trust Company of St. Paul State Bank, St. Paul, Minn., and President of the Trust Company Division of the American Bankers Association. Mr. Headley's remarks were made before the Wartime Conference on Trust Problems of the Association in New York on Feb. 9. As to inflation he went on to say:

"It masquerades under the guise of prosperity and is in the banquet hall before we know it. As the Office of War Information observes, we have been hearing cries of 'wolf' for so long that some have stopped paying attention. But in the fable the wolf eventually came. It is far from a dead wolf now. Its teeth are beginning to show. In the three years prior to August 1942, raw materials rose 67% in price, wholesale prices rose 32% and the cost of living increased by 19%. Most of this occurred after March 1941. Conditions are ripe for still greater increases. The war program is costing the Government $6,000,000,000 per month. The national debt is already in excess of $100,000,000,000 and will probably reach $140,000,000,000 by the end of the fiscal year in June. A large part of these current expenditures must necessarily be borrowed from the banks. The competition of this vast increase in spending power for a limited amount of consumer goods inevitably tends to skyrocket prices. All the elements for a devastating flood are here. Many controls have been inaugurated. I need not recount them. In general, rationing limits the amount of goods which can be bought; price ceilings limit the amount which can be paid. Both, while arbitrary and artificial, have been reasonably effective. They deserve the loyal support of every trustee and individual anxious to maintain the intrinsic value of the dollar.

"These measures, however, are far from a complete protection. Prevention must start at the source. Increased spending power must be drained off before it reaches the hands of the spender, by a rigorous policy of taxation, and by compulsory saving. The tax bill in 1943 will exceed $25,000,000,000 or be approximately a third of national expenditures. It can probably be increased to 40% without dislocating our war effort. That should be the only limit in total amount.

"The source from which it comes is even more important. If ever there is justification for using the taxing power to accomplish an ulterior purpose it is here. Taxes should be levied not only to produce the vast amounts necessary to finance the war but in such ways as will tend to prevent inflation. Levies upon accumulated capital should be avoided. The estate tax has no effect to curb inflation. Its use in these times should be reduced and not extended. Corporations should not be taxed to a point which will curtail their productive capacity. Corporation taxes have little influence at present on consumer spending and are but slightly effective in curbing inflation. Taxes must be imposed where the new money is and where it is likely to be spent, and must be collected now. They must be withheld at the source on all incomes above a low minimum. This should be coupled with compulsory saving where voluntary saving fails to stop the flow of expendable funds. Such measures will not prove harmful but exceedingly helpful to the beneficiaries of present high wages for they will induce accumulations for later years and will give permanent value to the dollar which otherwise is certain to be lost."

Mr. Headley spoke under the caption "Trusteeship in 1943," and in part he also had the following to say:

"The trusteeship of Government must be administered solely for the benefit of the people. Self-dealing must not be tolerated. Power must be free from politics. It must never be used to perpetuate itself in office. There must be no favoritism among beneficiaries nor response to pressure groups. All elements in society must be given their just dues. There must be frequent accountings through popular elections. The resort to the court of public opinion must never be obstructed by the trustee or voluntarily surrendered by the beneficiary. Frequently co-trusteeship will prove desirable. Industry and Government acting together, as trustees, may be a valuable combination. Each will bring something which the other lacks. During the first World War Government assumed full control of the railroads with mediocre success and with a disastrous aftermath. This time management and Government as co-trustees are administering our railroad system with brilliant success. This type of control should be further explored. In times of national emergency, such as war, when unified authority and quick action are imperative the powers of the trustee must be greatly expanded; but they must be used only for the purposes of the trust, and they must be restored as soon as the need is over. Some powers, perhaps many powers, can always better be administered in trust; but the benefits must always flow back to the equitable owners, and the nature of the relationship must never be forgotten."

Public Recording Of Patent Agreements Recommended By NAM

Public recording of a wide variety of patent license agreements, particularly those of international character, is recommended by the National Association of Manufacturers. Such recording, NAM said, would facilitate Government investigation of the practices involved and tend to remove the suspicion which is often attached without justification to legal and beneficial patent agreements. Federal legislation would be required to carry out the proposal. The NAM recommendation said:

"We approve in principle the recording of agreements, particularly international agreements, pertaining to patents or the filing thereof with the Patent Office, where such instruments contain restrictive provisions or involve cross-licensing under patents or the pooling of patents."

According to the Association, the recording would be comparable to the recording of deeds for real estate. This position, it states, is in keeping with views long held and advocated by many manufacturers. It is pointed out that the subject was first seriously considered in 1935 when a bill was introduced in Congress by the late Representative Sirovich (D., New York). George E. Folk, now NAM patent adviser, testified at that hearing in favor of the principle of the bill as did other representatives of industry and the legal profession. The principle of the Sirovich Bill met with no opposition, but the proposed legislation was dropped before a satisfactory method of achieving its objective was developed. The NAM also says:

"While the United States leads the world in industrial research, it would be folly to assume that no good developments which could be beneficial to the United States originate in other countries. During peacetime the exchange of scientific and technical information throughout the world should be encouraged and no legislation should be enacted which hampers legitimate patent agreements either within the United States or between Americans and foreigners.

"Unfortunately, there apparently has been serious confusion of legal and beneficial patent agreements with illegal and undesirable cartels in the minds of members of the Department of Justice, Congress and the public.

"We do not defend cartels in the true sense of that term, and certainly not where they are employed as a means of unreasonable restraint of trade."

NY Welfare Commissioner

Leo Arnstein was sworn in on Feb. 8 as Commissioner of Welfare for New York City succeeding the late William Hodson.

Mr. Arnstein, who has been in the department since April, 1941, had been its acting head since Mr. Hodson took a leave of absence to work for former Gov. Herbert H. Lehman, now Director of Foreign Relief and Rehabilitation. Mr. Hodson's death in an airplane crash in Dutch Guiana on Jan. 15 was reported in our issue of Feb. 4, page 495.

GENERAL CONTENTS

(Continued from page 484)

Frank L. Polk Dead.......... 671
New Censorship Rules for Foreign Messages 671
Major-General Vandegrift Honored. 671
Lewis Resigns from Mediation Board 671
FDR Lauds USO.......... 671
Rutledge Takes U. S. Supreme Court Seat 671
Socialized Real Estate Held Post-War Threat 667
Non-Farm Foreclosures Lower in 1942 667
Churchill Returns from African Visit 667
Announces Radio Series on Rationing 667
Named Naval Aide to FDR.......... 667
Scores Revival of Agricultural Credit Corporation 672
Government Needs More Economists, Statisticans 672
Hoover Says Million More Workers Needed 672
Coffee Ration Cut to One Pound... 672
Realty Board Urges Fight Against Bureaucracy 672
1942 Manufactures Value Put at $121,000,000,000 672
Cuneo Quits WLB Post.......... 672
WPB Forms Transportation Committee 672
Says NLRB Should Review Union Requirements 673
Arbitration Magazine Issued.......... 673
Senate to Ratify China Rights Treaty 673
Bernays Establishes Public Relations Fellowship 673
Jan. Business Failures Again Decline 673
Asks Tenders of New South Wales Bonds 673
Asks OPA to Clarify Pleasure Riding Ban 673
Giraud Hails Casablanca Developments 673
Benson and Bartholomew Again Named to N. Y. Banking Board... 674
Auto Accessory Body Convenes in New York 674
Head Catholic Charities Committee 674
New Cotton Exchange Members..... 674
Urges Federal Tax Deduction from N. Y. State Payments.......... 676
New Members of N. Y. Chamber Group 676
Dawson Named to OPA.......... 676
First Boston Corp. Reports 1942 Operations 677
FDR Congratulates Stalin on Stalingrad Victory 677
Stalin Receives Note on African Parley 677
New Capital Flow Essential to Private Enterprise System.......... 677
Urges Realtors to Resist Rising Property Taxes.......... 678
Inflation Threat Remains Paramount Danger.......... 680
25% of 1943 Food Output for Military Forces.......... 680
Hays Chairman of Newsprint Association 680
Says Patent Agreements Should be Publicized 680
Named New York City Welfare Commissioner 680