

# The Commercial and FINANCIAL CHRONICLE

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## The Financial Situation

The New Deal program was launched in 1933 and the years immediately following with a great deal of emphasis upon "objectives." These objectives, though always so vague as to be almost meaningless, were often in themselves unobjectionable. The people of the country were in a rather desperate frame of mind and business leaders for the most part in an apologetic mood. There was, accordingly, so much acclaim for "objectives" and so little hard-headed study of ways and means that the New Deal swept everything before it and initiated a movement that has done incalculable damage to wage earners, employers and the public alike.

### International Currency "Objectives"

Precisely the same danger exists today in respect of post-war planning. Among the multitude of post-war plans the suggestions of Lord Keynes of Great Britain, and our own Treasury Department, that a new type of super-stabilizing fund (or bank) be organized for the purpose of managing world currencies after the war seem now to be gaining headway for about the same reasons which made possible the New Deal and its fiascos. So conscious are financial authorities of the certainty of difficulties in the international exchange markets in the early post-war years and so high-sounding and altogether desirable do the "objectives" sought appear to the uninformed that we have a situation in which these fantastic plans gain substantial momentum while even the skeptical usually find it necessary to begin their objections with an avowal of sympathy with "objectives."

### Popular Misconceptions

One of the great difficulties in opposing such proposals as these in the court of public opinion is the fact that the subject is so intricate and proposed remedies apparently so simple. The man in the street—yes, and more than a few solid business men who have had no occasion to familiarize themselves with the innumerable factors which govern the

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## Uncertainty Of Govt. Attitude To Private Enterprise Is Dangerous

America's Post-War Dilemma Is To Face Realism Declares Crawford, NAM Head

The assertion that "the big post-war planning decision for the American people is whether they want to continue to emasculate our economic system into a nondescript, unworkable combination of impossibilities, or whether they want to get back to the proven workability of free competitive enterprise," was made by F. C. Crawford, President of the National Association of Manufacturers, before the Economic Club of Chicago earlier



F. C. Crawford

this month. Mr. Crawford, who is also President of Thompson Products, Inc., declared in his address that "the greatest drawback to prosperity in the post-war era is the uncertainty of Government's real attitude toward private enterprise." Mr. Crawford told the gathering that "America's post-war dilemma is to face realism after years of seeking the easy detour around orthodox economics," and he added:

"We tried to escape the rigors of depression by political tinkering in economic fields and stopped the nation cold in its tracks for the first static decade in history."

"Even now we seek to escape the universal sacrifices vital to victory by log-rolling and 'special-privilege - playing-with-inflation.'"

"Realism must discredit any idea of a pleasant sacrifice-free post-war period in which, having accepted the great gamble and wastage of war, we can escape paying the grim fiddler—Mars."

"We'd better be sure we're planning the right way to a better post-war world, and not just a comfortable experiment that postpones reckoning with the facts."

"We must not practice the escapism of trying to make an agreeable economic emulsion out of two incompatible theories—private enterprise and State socialism."

"Our post-war choice lies between a nation of strong individuals and a nation of weaklings." (Continued on page 1891)

## Preserve Free Enterprise, Senator Byrd Urges; Decries Administration Extravagance, Ineptitude

Measures for the preservation of the free enterprise system after the war were offered on May 14 by Senator Harry F. Byrd (Dem.) of Virginia, in an address at the dinner of the New Jersey Bankers' Association, held in New York at the Hotel Pennsylvania. Senator Byrd, who was critical of the Administration's labor policies, and particularly with the stand in dealing with John L. Lewis, President of the United Mine Workers, indicated that while he intended to support President Roosevelt in all measures necessary for victory in the war, he would oppose domestic policies which do not contribute to the war program and tend to undermine our democratic form of government by autocracy and waste. The Senator was quoted to the foregoing effect in the New York "Times" of May 15, in which it was



Harry F. Byrd

noted that he, in addition to criticizing the Roosevelt Administration for its handling of the labor problem, also declared against its extravagance in spending and for ineptness of a growing bureaucracy. In its account of what Senator Byrd had to say, the "Times" stated:

During the latter part of his speech Senator Byrd said that the private enterprise system could be destroyed by any one of three ways: by excessive and exorbitant taxation; by senseless, unnecessary regimentation, and by Government competition with private business, and suggested a seven-point program at the end of the war to prevent this.

"In the labor difficulties which have retarded our military production with strikes, which have occasioned a loss of nearly five million man-days since Pearl Harbor, the Administration is reaping the reward of its own

weak and indecisive labor policies," he said. "In my judgment the labor difficulties that have been continued for the past six years began when Madame Perkins condoned, with the acquiescence of the President, the sit-

down strikes in 1937, and they have continued without interruption ever since.

"The President in the circumstances had no recourse except to seize the coal mines. To seize and operate an industry by the Government, however, is not a solution of labor controversies. It is entirely possible and probable that John L. Lewis prefers to see the coal mines of America nationalized." (Continued on page 1891)

## Americanism Stands For Freedom And Brotherhood Of Plain People

Hope And Glory Of America In The Future, Not The Past, Says Vice-President Wallace

Vice-President Henry A. Wallace declared on May 17 that "Americanism in its deepest meaning stands for the freedom and the welfare and the brotherhood of the plain people of the world, wherever they may be," and that "the hope and glory of America is in the future and not in the past."

Speaking before an estimated 1,000,000 people at the "I Am An American Day" exercises in New York City's Central Park, Vice-President Wallace said that when victory is won the people of the Western Hemisphere will have an opportunity to set the example for the people overseas by its "ideals of democracy and peace and tolerance and good-neighborliness."



Henry A. Wallace

Mr. Wallace, in asserting that "we have faith that some day these ideals will become the guiding stars of nations everywhere on this globe," stated that "then only can we be

sure that the sacrifices of today have not been made in vain."

The Vice-President related some of his experiences on his recent tour of seven Latin-American countries and emphasized that we in the United States possess no monopoly on the name "American."

Mr. Wallace pointed out that it was only within the last several years that most of us began to appreciate "what it really means to be an American, what it really means to enjoy the blessings of freedom and democracy," adding that the nation has rededicated itself to the age-old fight to keep the fires of freedom burning.

In part, he said: "We English-speaking Americans are only half the Americans of the New World. The other half, whether they speak Spanish, Portuguese or French, whether they speak Quechua, Aymara, Guarani, (Continued on page 1891)

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## From Washington Ahead Of The News

By CARLISLE BARGERON

One of the funniest things in America-at-war is that millions of people think that the great worry for the past several weeks has been whether we had a coal strike or not. Commentators went on the air to assure us that if there were a coal strike there would have to be a dim-out all over the country and that the business of railroad travel would be cut down to the point that even the little camp followers, those soldier

wives who are running up and down the country following their husbands from camp to camp, some with babies in their arms and the others not so apparent, would have to keep off the trains.

Also these commentators assured us that the boys in Tunisia—this was before they got to Tunis and Bizerte—were being sabotaged. Mr. Roosevelt went on the air and called the attention of the miners to the fact that their sons were over there in Africa. It has been one of the greatest

periods of excitement through which we have ever gone.

This is to report that there is not a newspaperman in Washington who does not know that official, Bureaucratic Washington, has never for an instant been worried about a stoppage of coal production. The effects of such a stoppage and the real ways in which to deal with it have never at a single time been uppermost in the minds of our rulers. The situation has been such that few

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## The Financial Situation

(Continued from first page)

international exchange markets—are easily led to suppose that what is needed is an "international currency" and that all that is required to have one which will work is to set up machinery for its creation and "management." Reasoning by false analogy, they see the dollar, for example, in use in 48 States of the American Union and can not, or do not, understand why similar procedure could not be made to work in the same way the world over. The error is one with the foolish notion that the cure for war is to be found in a "United States" of Europe or of the world.

### Stabilization By Fiat

What many of them are apparently unable to understand is that neither a domestic banking system nor any international banking or currency system which will serve practical purposes adequately is, or can be, created by arbitrary fiat. Banking and currency systems are facilities to promote production and exchange of goods and services. To serve their purpose they must evolve from the economic milieu in which they are to operate. Either created from without and in the absence of full consideration of the legitimate and needed functions such systems must perform is foredoomed to failure, and in failing is very likely to do incalculable harm. An "international currency," or something which performs similar functions, would without question be a good thing to have, but what is far more essential, and what, for that matter, is a prerequisite for the establishment or maintenance of such a currency, or a practical substitute, is a set of world conditions and a pattern of world economic behavior which render it possible to have and keep such a currency.

Given these conditions a world currency (or perhaps currencies) or its equivalent in practice would present no insuperable difficulty. Indeed, it would almost certainly gradually evolve as time passed. For many years prior to 1914 we had such a currency in the pound sterling. To be sure, it was technically the currency only of one country, but in effect it served as an international currency and served well. It evolved out of a complex set of circumstances quite without international prompting. Unfortunately, even prior to the outbreak of World War I, the conditions which had given rise to and permitted the gradual perfection of this international currency had begun to disappear. They had not changed so greatly prior to the outbreak of hostilities in 1914 that the handwriting on the wall had become clear to a great many, but it is now evident that the change had begun. A very substantial part of what was left of these conditions and circumstances was the victim of the conflagration which followed.

### Past Blunders

But habit, custom, tradition and institutions yield "slowly, giving place to new." Valiant, if not altogether wise, efforts were made for a decade or more after the close of the war to re-establish the old system as it had existed. Many thought it was being accomplished, but underlying conditions were inexorable and the attempt was a dismal failure. Many of these conditions underlying the failure were the result of plain blunders in the management of world affairs; others were the product of world economic evolution. But at any rate the struggle to re-establish a world currency in effect failed. It is evident enough now that our concern should have been with the conditions which underlay all this work in the purely financial field; that care should have been taken to avoid the essentially artificial props to the old system; and that attention should have been directed at the evolution of such modifications of the old system as inexorable changes in underlying economics made necessary.

We failed to understand this cardinal truth in those years, and the danger is that we shall make precisely the same error again. We shall be all the more likely to fall into this grievous and costly error if the rank and file of the people are encouraged to believe that by some form of banking magic these often disagreeable and painful readjustments can be avoided. We can think of no more misleading slogan for the popularization of false thinking about these matters than the term "international currency" or "Bancor" or "Unitas."

### Faith In "Managed Economy"

We have no reason to believe that those in our own Treasury Department who have formulated the American scheme for an international stabilization fund—for that is what it appears to be considered by its authors—are unaware of these elementary facts. Their shortcomings are to be found elsewhere. First among their infirmities, it seems to us, is a strange faith that some body of men—yes, even a group of men politically chosen—can, first, determine in ad-

vance of a verdict of a relatively free market what the "true" relationships of the various currencies should be at any point in time, and, second, know when to act and act effectively to prevent precisely the type of errors which for so long obscured the true international financial situation during the 1920's. It is a part of the Washington blind faith in "managed economy" and a phase of that faith which simply staggers our imagination.

No one can doubt that disorganization, not to say chaos, in the international exchange market immediately after hostilities cease will present itself as a danger of first-rate importance. He would be bold indeed who denied that some sort of cooperative international action will be necessary during a brief transitional period. But we submit that the sooner the matters over which these schemes of Lord Keynes and our Treasury Department would have the politicians rule can be left and are left to the market's own determination, the better for all concerned.

## Plain Common Sense

"There are two viewpoints from which this problem (of civilian supply) may be approached. Neither questions the propriety or necessity of acknowledging the first call of the armed forces on our production and resources of every character. With this common ground as a start, one school of thought maintains that we should determine quickly the minimum civilian requirements of absolute necessities and proceed to reduce our internal economy to this bedrock basis at once in the hope and belief that the particular production facilities released will in some manner at some time be useful in further increasing production for our armed forces and those of our allies.

"The other school of thought maintains that all reasonable needs of the armed forces should be met as promptly as possible and without question but that once this is under way every reasonable step should be taken to assure the absolute maximum production of consumer goods for civilian consumption from the remaining manpower, machinery and materials.

"Which of these two schools of thought will be followed in finally establishing our over-all policies and objectives regarding our civilian economy is a highly important decision. The latter approach, that of taking all possible steps to assure the absolute maximum production of consumer goods consistent with the requirements of the military forces, is believed to be preferable. One of the objectives of many military campaigns is to weaken or destroy the civilian economy of the enemy. Isn't the protection of our own also of prime importance?"—From the annual report of Allied Stores Corporation.

There is no need to gild this lily.

## The State Of Trade

Declines in steel production and electric power distribution resulted in a lowering of the weekly business index figures. However, there were no sharp declines, and most industries continue to operate at high levels.

Production of electricity for the week ended May 8 amounted to 3,903,723,000 kwh., an increase of 16% over output of 3,365,208,000 in the like week last year, and comparing with 3,866,721,000 kwh. in the previous week, according to the Edison Electric Institute. All geographic regions showed gains over a year ago, the largest being 32.9% on the Pacific Coast. The gain in mid-Atlantic States was 13.3%.

Consolidated Edison Co. of New York reported output of electricity in the week ended May 9 was 173,600,000 kwh., an increase of 18.3% over a year ago. Local distribution of electricity was up 20.4% from last year.

Carloadings of revenue freight for the week ended May 8 totaled 816,551 cars, according to reports filed with the Association of American Railroads. This was an increase of 27,768 cars from the preceding week this year, 22,735 cars fewer than the corresponding week in 1942, and 20,598 cars under the same period two years ago.

This total was 123.4% of average loadings for the corresponding week of the 10 preceding years.

Steel operations this week are estimated at 98.6% of capacity, according to the American Iron and Steel Institute. This compares with 99.4% in the previous week, a decrease of 0.8%, while output is scheduled at 1,707,400 net tons, against 1,721,300 last week. The operating rate was 99.1% and production 1,716,100 tons in the week a month ago, the figures were 99.2% and

1,685,000 net tons of output in the same period of 1942.

New time tables, creating a variance of demands upon the nation's metals and metal-working industries, have been necessitated by the conclusion of the Tunisian campaign, the "Iron Age" states.

The review anticipates the telescoping of certain programs and the enlargement of others, with expert shipments expected to change in some respects. Changes in military strategy, however, are not seen likely to cause serious problems immediately.

Right now, says "Iron Age," the steel industry is attempting to meet the new 48-hour week order; to get set for a possible walk-out at the coal mines at the end of the current truce; to continue expediting its lagging expansion programs; to make the Central Materials Plan more workable, and to perfect operations in departments feeling severe production pressure.

Civil engineering construction in the continental United States for the week totals \$90,019,000. This, not including construction by military combat engineers, contracts outside the country, and shipbuilding, is 26% above the preceding week, but 60% lower than for the 1942 week, reports "Engineering News-Record."

Public construction climbs 31% over a week ago as a result of gains in both State and municipi-

pal work, and Federal volume. Private, however, is 43% under last week. Comparisons with the 1942 week reveal public work 59% lower and private construction down 83%.

Department store sales on a country-wide basis were up 12% for the week ended May 8, compared with the like week a year ago, according to the Federal Reserve Board. Store sales were up 13% for the four weeks ended May 8, compared with the like period a year ago.

Department store sales in New York City in the week ended May 8 were 7% larger than in the like 1942 week, and in the four weeks ended May 8 scored a gain of 9% over the corresponding period last year, according to the New York Federal Reserve Bank.

Sales of New York City apparel stores in the week were up 36% over the corresponding 1942 week, and in the four-week period topped the like period last year by 25%.

An interesting item from Washington is the fact that the Government war spending rate today stands at more than \$60,000,000,000 for the current fiscal year—more than \$189,000,000 for each of the 317 days since last July 1.

One year ago expenditures for war purposes were slightly more than \$20,000,000,000 for the corresponding period, a daily rate of about \$64,000,000.

The Government's expenses for all purposes this year, including public debt retirements, exceeds \$65,000,000,000, against about \$25,000,000,000 a year ago.

The tremendous war bill is being paid in part from taxes, but mostly from borrowing. The Treasury has a cash balance of more than \$14,000,000,000, while a year ago the balance was only about \$2,500,000,000. However, this divergence does not mean that the Treasury is nearly six times better off today than it was a year ago.

## Du Pont Head Opposes Post-War Planning For Industry By Govt.

Lammot du Pont, Chairman of the Board of E. I. du Pont de Nemours & Co., Inc., at a meeting of several hundred industrial executives, at Baltimore, on May 8, declared that government should not plan for industry after this war, according to an Associated Press dispatch from Baltimore on May 8, which went on to say:

"Any corporation or individual is justified in planning for himself, determining his own expansion without government interference," he said.

He urged manufacturers to begin an educational campaign to offset what Gale G. Gettys, also a member of the Board of the National Industrial Information Committee, has described earlier in the meeting as "a \$98,000,000 propaganda campaign being waged by the Administration."

"It took the country 12 years to throw out prohibition," Mr. du Pont said. "It took eight years for a reaction by vote to set in against the New Deal, but national polls show that now is a favorable time to begin educating the public in the need for free enterprise."



Photo by Wm. Shewell Ellis Studios  
Lammot du Pont



## Economists Oppose Green Bill As Converting Silver Certificates To Irredeemable Currency

A letter in which it is asserted that committee amendments to the Green Silver Bill "will have the effect of converting our \$1,703,000,000 of silver certificates into an irredeemable paper currency" has been addressed to members of the Senate and House of Representatives by Walter E. Spahr, Executive Secretary of the Economists' National Committee on Monetary Policy. Dated May 14, the letter also calls attention to a statement signed last November by 54 members of the Economists' Committee taking exception to the provision in question. Mr. Spahr's letter of May 14 to the members of Congress follows:

"On May 11 the Senate Banking and Currency Committee voted to report favorably the Green silver bill, S. 2768, amended, which requires that the Treasury may not sell its silver for industrial use—war or otherwise—at less than 71.11 cents per fine ounce, although the average cost to the Treasury of the silver not now held as security for outstanding silver certificates is approximately 48.5 cents per fine troy ounce as of October, 1942. This is another victory for the silver bloc.

"This bill also has in it the words 'or control' which had been removed from the Green bill, S. 2768, last December. The reinsertion of these words means that silver busbars can serve as 'security' for silver certificates outstanding and that silver certificates can become inconvertible paper money.

"This is another one of those step-by-step measures to convert an ever mounting proportion of our outstanding paper money into an inconvertible paper. In December, 1942, the Treasury and Board of Governors of the Federal Reserve System, by a devious manipulation, issued \$660,000,000 of Federal Reserve bank notes which are unsecured. Now this Green silver bill provides the means by which \$1,703,000,000 of silver certificates can be made irredeemable paper money.

"Congress should never permit this provision to become law. No responsible government, not bankrupt, would issue to the people a paper money carrying a promise to deliver upon demand what the government cannot deliver and does not intend to deliver. Our silver 'certificates' would carry a government certification, as do our Federal Reserve bank notes, of what is in fact not true. Our country will have fallen upon sad days indeed if our Congress can no longer be counted upon to end the issuance of paper money which carries upon its face a deliberate falsehood.

"Last November, when this same provision appeared in the Green bill, S. 2768, then being considered by Congress, 54 monetary economists protested as vigorously as possible the passage of such a law. Since that protest is again applicable, we send you a copy for your information and earnest consideration."

The following is the statement of the 54 monetary economists referred to by Mr. Spahr in his letter:

"November 25, 1942.

"The Green bill, S. 2768, now pending before the Senate Committee on Banking and Currency, carries a provision which would convert silver certificates into an irredeemable paper money.

"We approve the passage of a measure which will place the Treasury's hoard of silver at the disposal of industry—war industries first, civilian industries second—for consumptive as well as nonconsumptive uses, reserving what is necessary to meet the nation's demands for fractional silver coin and silver dollars. But, as the silver behind silver certificates is withdrawn, a corresponding amount of these certificates should be retired.

"The Green bill provides that the silver held against silver certificates may be loaned by the Government for nonconsumptive

purposes—for example, as busbars in electric plants—and that, while employed in this manner, it may at the same time serve as security for the silver certificates outstanding or to be issued.

"Under these conditions, the silver 'certificates' would become irredeemable in silver. They would be a government certification of what is in fact not true. Provision might just as well be made for the issuance of silver certificates against silver held in our mines or in any other inaccessible place.

"Federal Reserve notes in one- and two-dollar denominations can be issued to meet any demand of the public for paper money of small denomination as silver certificates are retired. These notes would have the advantage of being anchored to gold and of being maintained on a parity with it by a system of redeemability, though indirect, which operates through a reserve of gold certificates held by the Federal Reserve banks and which are redeemable by these banks in gold for the purpose of exportation. Silver certificates under the Green plan would not be convertible, directly or indirectly, either into our overvalued silver or into gold.

"No responsible government, not bankrupt, would issue to the people a paper money carrying a promise to deliver upon demand what the government cannot deliver and does not intend to deliver. Consequently this provision of the Green bill should be revised."

## Post-War Financial Problems Under Study At Harvard School

A study of industry's financial problems during the post-war period in relation to efforts to ensure steady employment during reconversion and demobilization has been started by the Harvard Business School, it was announced on May 15. It is indicated in the announcement that although the teaching facilities of the Business School have been given over completely, for the duration, to instruction of men in uniform assigned to the school by the armed services, and to the War Production Training Course, sponsored by the government's Engineering, Science and Management War Training Program, a substantial part of the school's research activities can be directed to a study of post-war problems. Therefore Harvard Business School has assigned two members of the senior faculty, J. Franklin Ebersole, Converse Professor of Banking and Finance, and Charles Cortez Abbott, Associate Professor of Business Economics, to the new financial study. From the announcement we also quote:

"Prof. Ebersole will consider what is being done, and what can be done further, by banks. Prof. Abbott is to investigate the needs, preparations and financial capabilities of corporations.

"As usual in Harvard Business School research, a firsthand study of the subject is being made. Present conditions and problems which can be foreseen will be thoroughly investigated. Research agents of the School will get information directly from business itself. It is recognized that all financial problems are closely bound to federal policies, particularly those of taxation, the disposal of federally owned commod-

ities, equipment, and the renegotiation and termination of contracts, and the study of these subjects will have particular reference to the business man.

"The results of the Harvard Business School financial study will be used in post-war teaching and will be made available to industry."

The school's announcement states:

"To maintain employment, industry must have ample working capital and ways must be found to increase the flow of equity investment. Among those familiar with the financial problems of business, there is general agreement that special attention must be given to the position of medium and smaller sized concerns. It has also been pointed out that sound and adequate financing of the business structure in the immediate post-war period is of direct interest not only to business management but also to public officials and to labor leaders."

Prof. Melvin T. Copeland, director of Harvard Business School's research, is chairman of the Massachusetts State Committee on Post-war Readjustment. His activities and those of his colleagues, in a school geared to war training activities, are expected to help ease business conditions after V-day. When the war ends, it is believed, industry should be ready to act immediately. There is a growing appreciation that it should solve its own problems and not rely upon federal aid.

## Inflationary Crisis Over Says W. Wheeler

Willard C. Wheeler, of Sales Traffic Digest, in an address last month at the Spring convention of the American Marketing Association, at the Hotel Biltmore, said that the price inflationary crisis is really over and that "deflationary forces are already in action," according to the New York "Times" of May 1, which further reported Mr. Wheeler as saying:

"While retail prices will maintain the appearance of inflation for some time," he said, "they too must follow eventually. We will look back on the Spring of 1943 as the real beginning of a deflationary period in prices."

Mr. Wheeler pointed out that the major inflationary pressure on prices arose from four steps of transition into a war economy—plant construction, tooling-up, inventory building and actual production. At every step, he pointed out, government and business competed with each other, but that condition is fast fading into the past.

"Construction is practically over," Mr. Wheeler continued. "We now read about cancellation of projects for alcohol manufacture and for the extra 6,000,000 tons of steel production. Tooling-up is mostly over except possibly for improvement in make-shift set-ups. Stock piles of many items are more than adequate. Even in tank factories, workers are saying: 'Why ask us to buy war bonds for more tanks when there are so many of them on the lot that I am in danger of losing my job?'"

Mr. Wheeler urged that a committee be set up by the association to promote the victory merchandise bond plan, under which the public would buy bonds today for the purchase of products in the post-war period.

## Panama Transfer Bill

President Roosevelt signed on May 3 the joint resolution transferring to Panama certain United States properties and facilities in that country.

Congressional action on the legislation and the authorizations approved were reported in these columns May 6, page 1,696.

## Sir William Beveridge Working on New Program To Provide Maximum Post-War Employment

Sir William Beveridge, author of Great Britain's social security plan, in an interview in New York City on May 15, disclosed that he is working on another program dealing with the problem of providing maximum employment after the war, said the New York "Times" of May 17, from which we also quote as follows as to what he had to say:

"He expressed confidence that his social security plan would be adopted in Britain after the war and praised the proposed expanded social security program presented to Congress recently in the report of the National Resources Planning Board. While differing from his own plan, the American social security program, Sir William said, was more comprehensive in principle, going beyond his program by embracing proposals for post-war action by Government.

"Sir William emphasized the need of discussing post-war problems without waiting for the end of the conflict.

"Military victory is a means, not an end," he said, "and the plans for dealing successfully with many of the urgent problems which will arise when fighting stops should be made now. Otherwise, they will not be made at all or made badly in a hurry."

"His own contribution to such plans, he said, will be made in the new report upon which he is now engaged, working from an office in London, financed by private contributions. He explained that in preparation for this report he was seeking to assemble data from Government, industrial, labor and other sources, and that he hoped to obtain valuable information in this country.

"Every country has the double job of conducting the war and making plans for peace," he said. "Close mutual understanding between the people of the United States and the peoples of the British Commonwealth is particularly important. As democracies they have a special common interest in showing that democracies can add security to freedom."

"As explained by Sir William, post-war problems fall for practical purposes into three main groups: Problems of social security with which each nation can deal on its own lines 'without regard to what other nations are doing' and which for purposes of international collaboration need no more than exchange of information; problems of providing opportunities for employment, involving trade, industry and finance, and which call for consultation between nations and 'those problems which call for positive close cooperation.' The most important of the latter, Sir William said, 'is the prevention of any repetition of world wars.'

"The methods for organizing industry and trade so as to maintain productive employment need not be the same in all countries but must be related to one another," Sir William declared. "Action in regard to all these problems of all groups should be planned and the plans to a very large extent decided on during the war. Otherwise they will not be ready in time.

"The plans, and particularly those which involve consultation or positive cooperation between nations, must be based not simply on agreements between governments but on widespread mutual understanding between the peoples for whom the governments profess to speak. This is true, above all, of democracies like those of the United States and of Britain since it is of the essence of a democracy that its government may change.

"That possibility makes it vital to have policies agreed upon which will be carried through irrespective of changes of government—policies approved by the people as a whole and based upon mutual understanding. Private individuals—if they are people able, as I

hope that both my wife and I are able, both to listen and to talk—may do something to bring about that mutual understanding. We are here in the hope of doing so—in the hope of finding out by our own questions the views of people of many different standpoints in the United States on the main problems of the post-war world and answering so far as we can questions about the views of British people on the same questions."

"As regards his social security plan for Britain, Sir William emphasized its practicability from the viewpoint of economics and finance as well as its social justification, and discounted reports of any serious opposition to it among the British public. The plan provides for compulsory contributions out of earnings, but-tressed by taxation, that will insure every man, woman and child in Great Britain against almost all forms of personal want or insecurity. Sir William thought that 95% of the British people were for the plan and said that he was recently assured by a friend that the figure was "more like 99.44%."

A reference to the Beveridge social security plan appeared in our issue of Feb. 25, page 768, in an address by Louis H. Pink, from which we quoted.

## Bennett Asks Plans To Keep World Peace

John J. Bennett, former State Attorney General, in an address to the graduating class of Manhattan College in the Bronx on May 16, stressed the need for United action by the nations to maintain peace in the post-war world. The New York "Times" of May 17, in noting this, further indicated what Mr. Bennett had to say, as follows:

"Some definite mechanism must be set up to keep the peace. It should be, in effect, the United States of the World. To keep the peace such an organization must have power. After the war there must be a world-police force. This world-police force should be the agent for this world organization."

With regard to this organization, he said that it "would consist, at first, of the United Nations, and, later, of the others also."

"We owe it to the millions of men who are engaged in war today, to the millions who have died or will die before it is over, and to the mothers of the generations yet unborn, to put forth every effort to abolish war."

## Paraguayan War Debt Canceled By Brazil

In a "good neighbor" gesture, Brazil on May 5 canceled the 71-year-old debt of Paraguay, contracted as a war indemnity after the termination of hostilities between the two countries in 1872. This was reported in a special cable dispatch by Frank M. Garcia from Rio de Janeiro to the New York "Times," which further said:

"The President of Brazil, Dr. Getulio Vargas, announced the debt cancellation immediately after General Higinio Morinigo, President of Paraguay, arrived in Brazil for a visit of state.

"Originally amounting to about \$150,000,000, the debt in the past 71 years had grown to about \$1,600,000,000."



## Partial Text of Dr. Anderson's Address Analyzing Keynes And Morgenthau Stabilization Plans

In addition to the summary (given in these columns May 13) of the address of Dr. Benjamin M. Anderson, in which he analyzed the Keynes and Morgenthau Foreign Exchange Stabilization plans, we are giving here in part, text of Dr. Anderson's address, which was delivered in Los Angeles on May 11. (Balance of the article will appear in our issue of Thursday, May 27.) The summary appeared on page 1755 of our May 13 issue.

Details of the Morgenthau plan were given in these columns April 8, pages 1300 and 1305, while the Keynes plan was referred to on page 1388, in our April 15 issue.

The first half of Dr. Anderson's address follows:

The Keynes and Morgenthau foreign exchange stabilization plans are in essence very similar and their objectives are essentially the same. The differences between them would not prevent their giving us essentially similar results. They have in common the following points: Each would create a great international bank (whether you call it fund or call it clearing union doesn't matter) the resources of which are contributed by the central banks or stabilization funds of the different countries. This international bank, dealing only with central banks or government financial institutions, is to buy and sell the currencies of the different countries in such a way as to keep them in fixed relation to one another.

### Powers and Operations of the Morgenthau Bank

The Morgenthau plan provides (Section III) that the fund shall have the following powers:

1. "To buy, sell and hold gold, currencies, bills of exchange and government securities of member countries; to accept deposits and to earmark gold; to issue its own obligations and to discount or offer them for sale in member countries, and to act as a clearing house for the settling of international movements of balances, bills of exchange and gold."

The Keynes plan bank would have the same general powers, except that I do not find it stated in the Keynes plan that the fund may issue its own obligations and offer them for sale in member countries.

2. To fix rates at which it will buy and sell one member's currency for another and the rates in local currencies at which it will buy and sell gold. Changes in these rates can be made only by four-fifths vote, which gives the United States a veto power. The Keynes plan does not include this veto power.

- 3 and 4. To sell to the treasury of any member country at a rate of exchange determined by the fund currency of any member country which the fund holds. There are various qualifications on this power designed to limit the transactions to financing adverse balances of payments on current account, and to prevent the fund from being used for capital transfers.

But 5, with the approval of four-fifths of the member votes, the fund may sell foreign exchange to a member country to facilitate transfer of capital or repayment or adjustment of foreign debts.

- 6 and 7. When a creditor country is "getting fed up," and the fund's holding of the currency of the creditor country drop low, the fund may make representations to the creditor country in the effort to get more of its money. This Section III, 6, is to be read in connection with Section VI, 7, to which I shall refer below, which makes it the duty of member countries to adopt appropriate legislation or decrees to carry out its undertakings to the fund and to facilitate the activities of the fund.

8. Member countries are required to agree that they will

offer to sell to the fund, for their own local currency or for foreign currencies which they need, all foreign exchange and gold they acquire in excess of the amount they possessed immediately after joining the fund. They are to agree also to discourage the accumulation of unnecessary foreign balances by their own nationals.

9. The fund is to buy from the governments of the member countries "abnormal war balances held in the countries," and to hold them for 23 years subject to certain qualifications. This is an extraordinary proposal which is basic also in the Keynes plan, and I shall discuss it more fully later.

11. The fund shall have the power to borrow the currency of any member country, but the Morgenthau plan reserves the veto power of the United States in this connection.

12. To sell member countries' obligations owned by the fund, provided that the Board representative of the country in which the securities are to be sold approves, and to use its holdings to obtain discounts or advances from the Central Bank of any country whose currency the fund requires.

13. To invest any of its currency holdings in government securities and prime commercial paper of the country "of that currency," provided four-fifths of the members vote approval.

14. To lend to any member country its local currency from the fund, for one year or less, up to 75% of the currency of that country held by the fund, again with the United States veto power reserved.

15. To levy upon member countries a pro rata share of the expenses of operating the fund, limited to one-tenth of 1% of the quota of each country.

16. The fund shall deal only through:

- a. the Treasury Stabilization fund or fiscal agent of member governments;
- b. the Central Banks, only with the consent of the member of the Board representing the country in question; and
- c. any international bank owned predominantly by member governments.

But the fund may nevertheless, with the approval of the member of the Board representing the country concerned, sell its own securities or securities it holds directly to the public or to institutions of member countries.

The foregoing statement, a compression of the United States Treasury proposal, omits a number of qualifications on these powers.

Both plans propose to introduce a new unit of value, a new money, in terms of which the international bank's accounts are to be kept. The Keynes plan calls it "Bancor," probably a combination of the word "banco" and the French word for gold, "or"—with a context, however, which makes one very sure that whatever else it is, it isn't gold. The Morgenthau plan new unit is called "Unitas." But this is given a definite meaning. It is 137 1/7 grains of fine gold, equivalent to ten United States dollars. The books of the fund are to be kept in terms of these international units—bancor for the Keynes fund or unitas for the Morgenthau fund. The Keynes bancor is to be given a value, to be set by the Governing Board later,

fixed in gold "but not unalterably."

Both plans have provisions for restricting capital movements from country to country, and for preventing the withdrawal of capital previously placed in foreign countries. Both plans contemplate international cooperation to prevent these capital movements.

### Super-National Brain-Trust with Authority

Both plans set up a super-national Brain-Trust which is to think for the world and to plan for the world, and to tell the governments of the world what to do. The Morgenthau plan contains some safeguards for the United States not contained in the Keynes plan. In the arrangements for voting powers, the Keynes plan would leave the United States in a hopeless minority. The Morgenthau plan would leave the United States with a vote of one-fourth the total votes, still a minority, but it provides that on certain points, notably an alteration in the rates of exchange, a four-fifths vote shall be required, which would mean that the United States with a one-fourth vote could interpose a veto. But the Morgenthau plan makes it the obligation of member countries (Section VI, 7) "to adopt appropriate legislation or decrees to carry out its undertakings to the fund and to facilitate the activities of the fund," which would mean that the fund could tell the Congress of the United States what to do and that the Congress would be under obligation to do it. With respect to this provision, VI, 7, there is no fourth-fifth vote of the fund required, and no veto on the part of the United States.

### Both Plans Are British Plans— Purposes Hidden and Avowed

What are the purposes of this elaborate super-national machinery? What is it designed to accomplish? What is the need for it? Why did we never have it before? I may say that there are a good many hidden purposes in the proposals, purposes clear in the minds of the authors of the Keynes plan, though I am not so sure that they are understood by the authors of the American Treasury plan. Both the plans are British plans in my opinion. Both of them grow out of long trends in Keynesian thinking and in British monetary policy. I believe that both plans grow out of long discussions by the British financial experts and the representatives of the United States Treasury, that the ideas came from England and that our Treasury has accepted them in major part, though not in all. I shall discuss these hidden purposes at a later point. But first I wish to discuss the avowed and obvious purpose—that of keeping exchange rates fixed among the currencies of the different nations of the world.

### Avowed Objective to Stabilize Exchange Rates

Now, obviously, it is a desirable thing to have stability in foreign exchange rates, from the standpoint of easy flow of foreign commerce. An American exporter selling goods to France for French francs obviously wishes to know how many dollars he is going to get for the francs when he makes his contract. If he is to be paid in francs at the end of three months, and is afraid that the francs will be worth very many less dollars at the end of three months than they are today, he will hesitate, or he will ask the French importer to pay him in dollars. But if the French importer is afraid that the dollars will be very much higher in francs three months later when he must buy them to pay for the goods, he also will hesitate, if he is a responsible man. International commerce is badly crippled

by instability in foreign exchange, just as the international commerce of the country is badly crippled by violent fluctuations in the value of the domestic currency. The country whose currency is weak and slipping and fluctuating is a bad place in which to do business for either the foreign merchant or the domestic merchant.

### The Plans Strike at Symptoms, Rather Than Underlying Causes of Financial Disorder

But please observe in this connection that the instability in rates of exchange between countries one of which has good money fixed in gold, and one of which has weak and fluctuating money, is due to an instability in the money of the weak country. The exchange instability is a symptom. The currency instability is the cause. If you attack the exchange instability as your starting point, you are attacking the symptom rather than the cause. Let us say, rather, that you are attacking the symptom rather than a complex of causes, because behind the instability of the weak and fluctuating currency there lies a complex of causes, which include the finances of the government of the government of the weak country as well as its strictly monetary policy.

Fixed rates in the foreign exchanges are eminently desirable. A temperature of 98.6 in the human body is eminently desirable, but a rigging of the thermometer so that it will always record 98.6 regardless of the fluctuations in the temperature of a sick patient is a rather futile performance. And a rigging of the foreign exchange markets so that they will record fixed rates among sound and unsound countries, regardless of a deterioration in the fundamentals governing the values of the moneys of the unsound countries, merely masks the facts of financial disease and disorder, and defers the time when these fundamentals must be dealt with.

### The Weak Pull Down the Strong

The Keynes and Morgenthau plans propose, in substance, a pooling of the financial resources of the different countries of the world, putting the strength of the strong countries behind the weaker countries so that all of them appear strong. All of the moneys, good, bad, and hopeless, look the foreign exchange market level in the eye. Bad money becomes as good as good money—and if the process is continued long enough, good money becomes as bad as bad money.

### Similar Plans Proposed in 1921— A Clearing House That Could Not Clear

These Keynes and Morgenthau proposals look very novel today. The fact is however that similar proposals were made during the postwar boom and depression of 1920-21. At that time, however, they were not made by the financial authorities of strong governments. One came from Signor Tittoni of Italy, a country financially weak, with heavy government deficits, with an adverse balance of trade, with a rapidly growing volume of bank notes, and with a very weak gold reserve. He proposed a foreign exchange clearing house, a single clearing house controlled by the various governments, which would monopolize all foreign exchange transactions. It was sufficient then to point out, however, that the analogy with a clearing house could not apply. A clearing house is an association of solvent banks, every one of which is able to meet its deficit at the clearing house every day with cash. The proposal was to create a clearing house that could not

\* See "Artificial Stabilization of Exchange Condemned—Outline of a Fundamental Solution," *Chase Economic Bulletin*, Vol. II, No. 1, January, 1922.

clear. There were proposals of an international exchange bank which should have exclusive control of buying and selling of foreign exchange, and should buy foreign exchange at a fixed rate. We described this bank in those days as a bank "in which the United States would make the deposits and Europe would get the loans." We recognized that such a bank could maintain exchange rates at a fixed point only if the United States would supply unlimited dollars for paying European exchanges.

### No New Machinery Needed If Fundamentals Are Corrected

We knew on the one hand that unless the fundamental causes of the weakness of the European exchanges were corrected, the time would come when such a machinery would crash, with a greater or less loss to us, depending on how many dollars we had fed into the machinery. We knew on the other hand that if the fundamental causes of the exchange weaknesses in Europe were corrected, no such international machinery would be needed, because the existing financial machinery of the foreign exchange market would make the clearances and keep things straight.

### The Postwar Boom and Crisis of 1919-20 Due to Artificial Sup- port of Foreign Exchange

There was a further reason in 1921 why he gave scant attention and little respect to the proposals for bolstering the exchange rates of weak countries at the expense of the cash resources of the strong countries. We had just gone through a violent boom and a violent crash due to precisely that thing. The postwar boom of 1919-20 and the crisis of 1920-21 were due to artificial strength in foreign exchange which masked the fundamentals and delayed the necessary reforms.

This episode is of high significance in understanding the Keynes and Morgenthau proposals and in exhibiting their vices, weaknesses and dangers, and I wish to give an outline account of it here.

### Financial Demoralization of Con- tinental Belligerents in 1919-20

The picture on the Continent of Europe after the Armistice in 1918 was roughly this: great public debts had been created during the war; the governments had borrowed from the people and had taxed the people, but had done both inadequately. They had leaned heavily on the state banks of issue, the central banks, and the central banks, responding to the war needs of the government, had issued bank notes in gigantic quantity. They had ceased at the outbreak of the war to redeem these bank notes in gold. They had fluctuating irredeemable paper money. The revival of production and export in great industrial countries was sadly hampered by this. An agricultural country can resume its activities as men go home to their farms, despite bad public finance and bad money, but great industrial countries are heavily handicapped by such a situation.

What was called for was a cessation of the public borrowing from the state bank of issue, a great increase in taxation and a balancing of budgets, together with the fixing of a gold parity for the currency and a resumption of gold payments at that parity. In some cases the old par might have been restored. In most cases new and much lower pars would have had to be adopted. But in any case the fundamental corrections called for cutting public expenditures, cessation of borrowing, a balancing of budgets with taxes, and a cessation of the printing of bank notes.

But this was a very hard way. The finance ministers of each



country were faced with the problem of millions of soldiers returning without finding immediate work. They were faced with demands for pensions; they were faced with demands for funds to reconstruct the regions devastated by war; they were faced with demands for funds to feed starving people. The people were very reluctant to pay more taxes and to buy government bonds. The easy way was to ask the state bank of issue to print bank notes, and to use these bank notes in meeting expenditures of the state for pensions and unemployment relief and rehabilitation of devastated areas. The people, in turn, could use the bank notes in bringing in foreign goods, as long as the foreign exchange markets would take them.

#### Kind of Outside Help Needed—Help Conditioned on Internal Reforms

Now these war torn countries in their distress needed outside aid. We gave some of the weakest of them very speedy outside aid through Red Cross activities, and we shall have to do this on a great scale again. But they needed, also, foreign loans carefully supervised by the lender and explicitly conditioned on drastic internal financial reforms. The finance minister could then have said to his parliament and to his people, "If we go on in our present course printing bank notes, running gigantic deficits, ruining our currency, ruining our credit, leaving our industry no good money to work with, watching our productive activities deteriorate as our finances deteriorate, ultimate ruin is sure. If, however, we cut our expenses, raise our taxes, tighten our money markets, and stabilize our currency, our outside friends will give loans which will put gold into our central banks, which will give the treasury funds to aid immediate distress, and which will enable us to get on a self-supporting basis again."

#### Such Help Given Germany in 1924, Hungary in 1925, Poland in 1927—Amounts Needed Relatively Small

These things were done later after internal currency disorders had brought about intolerable domestic conditions. When the German mark had dropped to a trillion to one, Germany submitted to the Dawes Plan, submitted to outside supervision, raised her taxes, cut her expenditures, restored her currency to a gold basis and started up again. Austria submitted to a similar drastic change of policy when the crown had dropped to one fourteen-thousandth of its pre-war value in 1923. Hungary, in consideration of a loan, in 1924 adopted drastic internal financial reforms, stabilized its currency and submitted to foreign supervision of its internal finances under Mr. Jeremiah Smith of Boston. Poland in 1927, in consideration of a foreign loan, engaged in a similar house-cleaning and submitted to outside financial control under the supervision of the Honorable Charles S. Dewey who left the United States Treasury to take the job, and who had power to countersign the expenditures made of the proceeds of the loan, to see that they were used for the purposes agreed upon. In all these cases, the loans did good, and in all these cases, the figures were relatively moderate. The biggest of these loans, the Dawes Plan loan to Germany in 1924, was approximately two hundred million dollars. The Austrian, Polish and Hungarian loans were very much smaller. Outside help, outside money, conditioned on outside supervision and drastic internal reforms, did good.

#### But Billions First Wasted in Supporting Foreign Exchange in 1919-20

But these remedies, you will observe, came in 1924 and 1927.

The first help came in a form that struck directly at the foreign exchanges, and billions were wasted in 1919-20 in a futile supporting of the foreign exchange rates, which merely deferred the problem and allowed the finance minister to go on with his reckless borrowing from the central bank and his reckless spending. There were four causes of the undue strength of the foreign exchange rates of Continental Europe in 1919 and 1920.

#### Loans by U. S. Government Pegged Sterling from the Armistice to March 20, 1919 and Supported All Allied Exchange Until July, 1919

The first was continued loans by the United States Government to the governments of our Allies in Europe. Our Congress in 1917 had authorized the Treasury to lend our European Allies ten billion dollars. Approximately seven billions of this had been loaned by the time of the Armistice. Nearly three billions more was loaned between the Armistice and June 30, 1919. In the first four months after the Armistice this money was used definitely in pegging sterling exchange. The firm of J. P. Morgan, acting for the British Government, and using the dollars drawn from the United States Treasury, was buying all the sterling offered in the market and holding sterling at a fixed rate. Others of our European Allies were receiving loans also from the United States Treasury, which they used in supporting their currencies in the foreign exchange markets. We had in the first four months after the Armistice exactly what the Keynes and Morgenthau plans would seek to accomplish in the next postwar period—the actual pegging of exchange rates by using funds lent by the strong country, the United States.

Four months after the Armistice J. P. Morgan & Company announced that they would no longer buy sterling and there was a sharp drop in the price of sterling exchange and in the exchanges of all the Continental countries. But the Continental currencies continued to be far higher in the foreign exchange markets than the fundamentals justified. The loans from our Government to European governments continued to provide funds with which these currencies were artificially supported, even though not actually stabilized.\*

The post-Armistice strength of the foreign exchange rates was due, first, to the actual pegging of exchange for over four months with funds drawn from the United States Treasury and handled through J. P. Morgan & Company and, second, to the continuance of loans by the Treasury to European governments through June 30, 1919. This support was enough to stop the postwar liquidation and reaction and to turn us from reaction into a violent boom. Our exports and our export balances grew by leaps and bounds. We continued to drain the country of goods, and at rising prices. Our export balance of January, 1919, was 410 million dollars. Our exports continued on a gigantic

\*I think it proper to say that virtually all of the post-Armistice loans were used in this way. There was the need for dollars to liquidate the cancelled war contracts between European governments and American industries. But Europe had at the beginning of 1919 approximately seven hundred million dollars of American balances growing out of loans that had been previously made by our government. The cancelled war contracts required somewhere between a half billion and a billion dollars. At the most, Europe needed not over three hundred million of the post-Armistice loans to use for cancelled war contracts. The present writer made a very careful study of this matter in 1920 when he was writing the *Chase Economic Bulletin*, Volume 1, Number 1, Oct. 5, 1920, called "Three and a Half Billion Dollar Floating Debt of Europe to Private Creditors in America." This Bulletin together with the *Chase Economic Bulletin* of Feb. 28, 1921, called "The Return to Normal" gives a very full account of the postwar boom and crisis, and the causes responsible for them.

scale. In June our export surplus rose to 625 million dollars, of which 592 million dollars was to Europe alone. In the year and seven months, January, 1919, to July, 1920, inclusive, we sent Europe six billion 350 million dollars worth of goods more than we received back from her. The Continent of Europe was flat on its back, was buying without limit of price or quantity all that she could get from us with her rapidly increasing paper money offered in the foreign exchange markets.

Of course we had a boom. Of course prices rose. Commodity prices had reached a peak of 207% of pre-war prices in November, 1918. They reacted moderately down to March, 1919. Then they turned up under the influence of this terrific selling to Europe on credit to a new high of 248% in May of 1920.

Funds drawn from the United States Treasury to support the exchanges will account for nearly three billion dollars of this. Where did the rest come from? Again, from the undue strength of the Continental exchanges. There was another factor in the strength of the Continental exchanges which does not and cannot exist today. This was the prestige of governments and of paper moneys among the peoples of the world. Governments had kept faith in pre-war days amazingly well. Governments had been responsible. It was not believed that the government of a great country would let its currency deteriorate indefinitely. When exchange rates went low, speculators and even financial institutions over the world were disposed to look on them as bargains and believed that they would come back.

#### Britain Takes Over the Load When Our Government Drops Out, 1919-20

With the cessation of our Treasury loans to our European Allies, it seemed a reasonable expectation that the currencies of the weaker countries would go down rapidly and their ability to buy from us would speedily cease. Of all the belligerents of Europe, Great Britain only had got her financial house in order. She was balancing her budget. She looked forward to the return to gold at the old par. Confidence in Britain was high throughout the financial world. There was increasing concern in New York regarding France, Italy, Belgium, and virtually all the other belligerents of Europe. But the buying power of the weak countries continued and although the exchange rates went lower, they all moved together. Sterling weakened with the other exchanges, and the other exchanges continued abnormally strong. Our boom went on. Exports continued, not only to Britain but also to the Continent. Prices in the United States continued to rise.

The explanation finally became clear.

The point was that England had interposed her vast financial strength and financial prestige between us and the Continent.\* England was buying goods here with sterling or with borrowed dollars to sell on the Continent for francs, lire and marks, and the British foreign exchange market was buying the francs, and the lire which came to our New York foreign exchange market as we made direct shipments against francs and lire to France and Italy, etc. It was not a pegging of Continental exchange, but it was a support of Continental exchange by the financial strength and prestige of Great Britain. The boom went on until at last the deterioration of Europe's internal finances became

\*This point appears in print first in some paragraphs I wrote for *Commerce Monthly*, issued by the National Bank of Commerce in New York, January, 1923, pages 19-20.

unendurable, until we and Britain both ceased to take readily the weak exchanges of the Continent, until we ceased to be willing to increase our holdings of sterling or to increase our credits to England. Then we and England cut our losses, the boom was over, the great collapse came, American commodity prices dropped from 248 in May of 1920 to 141 in August of 1921, and the Continent of Europe was in worse financial position by far than it had been at the time of the Armistice.

#### One of Lord Keynes's Hidden Purposes

The Keynes plan is evidently drawn with some recollection of this episode in mind. Section 14 of the Keynes plan offers as an argument for the plan that

"This would give everyone the great assistance of multi-lateral clearing, whereby (for example) Great Britain could offset favourable balances arising out of her exports to Europe against unfavourable balances due to the United States or South America or elsewhere. How, indeed, can any country hope to start up trade with Europe during the relief and reconstruction period on any other terms?"

It would have been very nice for England if the proposed Keynes or Morgenthau arrangements had been in existence during the boom of 1919-20, when England was buying in the United States with dollar obligations and sterling, and reselling at what looked like a profit to the Continent for francs, lire, marks, and so on. As things were she gave us her good dollar obligations and her pretty good sterling for the goods we sent, and she got the bad francs, lire, marks, Greek drachmae, etc., in exchange for the goods. Her expected profits turned out to be losses. But if there had only been an international fund into which she could have poured the francs and the lire and the drachmae as constituting liquidation in full for her sterling and dollar obligations to the United States, and she had prudently remained net debtor to the fund, then she would have had her profits clear of risk. We should have given up goods, and we should have received in return a share in an international fund diluted and deteriorated by bad drachmae, bad francs and bad lire.

#### We Should Have Had Our Readjustment at the End of the War

Now there are a number of things to be said about this episode. The first is that we should have done far better to have taken our licking at the end of the war than to wait for nearly two years to get it. Everybody was braced for reaction and liquidation when the Armistice came. Our industries and our banks were financially strong. Readjustment would have been severe but nothing like as severe as it was when it came two years later.

After our government ceased to support the exchanges, private creditors in the United States provided an additional three and a half billion dollars\* to pour into the vortex. We had immense expansion of bank credit in financing the export trade on credit and in financing the accompanying boom phenomena in the United States. We had a frantic speculation in farm lands, centered in Iowa, that would not have occurred had the reaction come following the Armistice. We had an immense increase in agricultural debt in 1919 and 1920. We would have done far better to

\*Three and a Half Billion Dollar Floating Debt of Europe to Private Creditors in the United States." *The Chase Economic Bulletin*, Vol. 1, No. 1, Oct. 5, 1920.

have faced reality at the end of the war.

#### Loans to Support Exchange Did No Good

Second, I repeat, that all this vast credit to Europe used in supporting the exchange did no good. Continental Europe was in far worse financial and industrial position at the end of its than at the beginning. The finance ministers used the easy way so long as the outside world would take their currencies in the exchange markets.

Third, England had terrific losses. She would have done far better to have made her readjustment in the winter of 1918-19.

#### Much Smaller Loans, Conditioned on Financial Reforms, Would Have Solved Problem

Finally, very much smaller sums of money lent to Europe with discrimination and care, and conditioned on adequate financial and currency reforms on the Continent, would have turned to the Continent of Europe up again, as indeed very much smaller loans, carefully supervised, given to the weakest countries individually did turn the tide at a later date.

Very much smaller loans would have meant, for one thing, that Europe would have bought only what she needed. She would have bought foods. She would have bought raw materials. She would have bought other things essential to set her industries going. She would have developed her industrial power and her power to export and would have been in a position to send us a back-flow of manufactured goods in return for the needed foods and raw material. As it was she sent us, through the whole of this period, a pitifully small volume of goods, and she bought from us a high percentage of the manufactured goods which she ought to have been producing herself. Our exports to Europe in 1919-20 ran very high in finished manufactures, including luxuries. The episode did nobody any good. It weakened the world. (More Next Week)

## Cleve. Reserve Bank New Branch Officers

Robert E. Doherty, Chairman of the Board of Directors of the Pittsburgh branch of the Fourth (Cleveland) Federal Reserve Bank, announced on May 11 that W. H. Nolte had been appointed an Assistant Cashier by the Board of Directors of the main office.

Announcement was also made on May 11 by the Cleveland Reserve Bank that Salmon Brown had been appointed Assistant Cashier at the Cincinnati branch of the bank. It was stated at the bank that the scope and volume of operations had increased to a point which made necessary the appointment of additional officers.

Mr. Nolte entered the employment of Federal Reserve in May, 1920, and has been the representative at the Pittsburgh branch of the main office auditor. Mr. Brown is at present employed as credit analyst in connection with loans and guarantees made under provisions of Regulation V to facilitate war production.

## Hague Made Director Of Kansas City Reserve Bank

The Board of Governors of the Federal Reserve System announced on May 10 the appointment of Lyle L. Hague, of Cherokee, Okla., as a Class C Director of the Federal Reserve Bank of Kansas City, for the unexpired portion of the term ending Dec. 31, 1945. Mr. Hague owns and operates a farm in Alfalfa County, Okla.



## Make American Labor Party Nat'l Third Party, La Guardia Urges At NY Executive Dinner Would Protect New Deal Social Gains; Wallace Speaks For Tax Revisions

Mayor La Guardia, in a speech at the dinner of the State Executive Committee of the American Labor Party of New York at the Hotel Commodore on May 16, urged the expansion of the State American Labor Party into a nation-wide third party to protect the social and labor gains made under the New Deal, said the New York "Times" of May 17. Noting this, the "Times" said that the Mayor, addressing Vice-President Henry A. Wallace, the other principal speaker, said that so long as President Roosevelt remained at the head of the Federal Government these gains would not be jettisoned, but he warned Mr. Wallace that right in the Democratic party there was a movement to oppose the President and scrap the New Deal. From the "Times" we also quote:

"Without mentioning the name of James A. Farley, the Mayor said that this movement existed in this State, of which 'we had a beautiful example' last year, meaning the nomination of John J. Bennett Jr. for Governor.

"Vice-President Wallace disclosed that the Federal Administration, through the National Resources Board and other agencies, was preparing a program of billions of dollars of public works to be put into effect after the war to insure full employment in the United States.

"With full employment, there is no reason why any of the western democracies should fear communism," the Vice-President said. "With unemployment, it would be impossible for Stalin himself, no matter how hard he tried, to stop the growth of communism."

"Mayor La Guardia's call for formation of a third party followed the speech of Samuel Shore, the toastmaster, who said that the Labor party held the balance of power in New York State and that it was time that it began to seek power rather than its balance.

"I sat at the feet of the senior Senator La Follette of blessed memory," said Mayor La Guardia, who was elected to the House of Representatives as a candidate of the La Follette Progressive party ticket in 1924, "and at the feet of the venerable Senator George Norris.

"I remember on one occasion that Senator La Follette said to a group of us: 'You can't do that locally; you must spread out.'

"It seems to me that the Labor party has reached the stage where it must spread out and organize in other States. We have arrived at the time when we must assume responsibility for that balance of power.

"We cannot afford to be merely expedient. The Labor party must be a party of issues and policies and not one of expedience and personalities.

"I heard the Vice-President say this afternoon that he was in favor of the two-party system. There are millions like him in this country. That would be all right if the line of demarcation between the two major parties could be easily recognized. What I fear is that, unless that is true, we may find every four years both major parties with beautiful, acceptable platforms, and then, nothing happens."

Turning to the Vice-President, the Mayor said:

"I can assure you, Henry, that you are going to find that right in your own party before long. The New Deal is more than a plank; it is a philosophy. So long as its present standard bearer, Franklin D. Roosevelt, has anything to say, we know that it will not be jettisoned.

"There is now being created a distinct opposition to the New Deal right in your own party. We had a beautiful example of that right here in this State at the last election.

"There is a great job to be done

in this country, and that is to formulate a program for the after-war period. That job must be approached intelligently and courageously. Great changes must be made and brought about in this country. A new era is coming.

"Personally, I believe that these can be brought about within the framework of the Constitution, taking into consideration the power of amendment. We must have uniform labor conditions and uniform taxation throughout the country.

"As I recall history, every great change in this country has been preceded by a third-party movement. A third party might not be needed if we could have a realignment of the two major parties, but there is no sign that there will be one so long as office and power are the chief aims of the major parties.

"No one can tell what will happen. That's why I'm so impatient waiting for a crystallization of thought and leadership for the change that is bound to come.

"Political parties now do not differ on political issues but on economic issues, on the handling of which the future of the country depends. There are thoughtful men and women in every party who realize this, but they are in the minority. Leadership for them must be provided and I believe it must come from a third party."

Before beginning his serious remarks, Mayor La Guardia said that it had been a long time since he had addressed a gathering of any political party. He said he had been a member of the Labor party, which was organized in 1936, as long as he had been a member of any party and added: "I don't know where I am going from here."

While emphasizing the probable need of a vast program of public works in the post-war period to prevent unemployment, Mr. Wallace said that it would be important to revise the taxation system sufficiently to place an incentive on the investment of capital which furnishes private jobs in the production of needed goods and services.

"In the post-war period, if we are to create the maximum number of jobs for labor, it is important that rapidly growing enterprises should be encouraged by government policy to expand, especially when they start small. Enterprising young men eager to serve the public welfare should not be forced to look on the government as the only outlet for their energies. Big established concerns should not be so favored by our taxation system that they have the field for themselves for all time to come."

Mr. Wallace expressed confidence that "men of good-will and intelligence" would manage our financial problems so as to increase employment rather than decrease it.

"This is especially true," he added, "if all of us realize that in the long run there is only one type of deficit that is utterly and terribly crippling and indefensible, and that is the deficit that comes from unemployment. We must act to prevent unbalanced budgets from leading to uncontrolled inflation, which, in turn, would lead to economic collapse. But any attempt to balance the budget by creating industrial and commercial unemployment could lead to an economic collapse which

would be equally devastating.

"To have the flow of capital without which full employment would be impossible, there must be assurance of world-wide peace. There must be an international authority based on law and provided with power to enforce that law. We know as a result of our experience with air power that it is possible for the first time in the world's history to establish efficiently and at a low cost an international police force. Without the rule of law there will be the constant threat of war and business will feel the same sense of insecurity which it felt because of the war clouds which so often hung low during the years leading up to 1939. To oppose effective international action for peace would be to lay the groundwork for unemployment in the post-war world."

Vice-President Wallace said that all classes of Americans would have to make sacrifices during this war and that a curb on inflation would prevent disaster later. He added:

"Most farmers, workers and business men are patriotic. If we go down the road together in the same spirit as the magnificent Russians and our other splendid Allies, I feel confident that we shall win everything but the final clean-up on the Western Front in this year of 1943."

## Great Britain Would Be Hit By Morgenthau Stabilization Plan

Critics of the United States Treasury's financial plan for post-war world trade, in the House of Commons, in London, on May 12, predicted that such a plan would create a British-American bilateral tieup with Great Britain as a junior partner, said an Associated Press dispatch from London on May 12, which continued as follows:

Sir Kingsley Wood, Chancellor of the Exchequer, opening debate on Lord Keynes' proposal for currency stabilization, stressed the fact that his government was not committed to the plan.

"We want to see the goods of each country exchanged as freely as possible," with the aim of making world unity more than "a pious phrase," Sir Kingsley declared.

Most members agreed there were no irreconcilable differences between the American and British proposals, but Sir Lambert Ward, Conservative, sided with Sir Robert John Graham Boothby, also a Conservative, in the opinion that the schemes were far apart.

"The United States having acquired nine-tenths of the world's gold is not likely to see its use relegated to filling teeth," declared Sir Lambert.

Sir Alfred Belt, Conservative, predicted that "after the war America will be the dominating economic and financial power and it is no use making proposals which do not take her interests into account."

Earlier, Sir Kingsley had told Commons that both the American and British proposals had a single goal: stabilization of international exchange and boosting of living standards in all countries following the war.

American financial experts displayed considerable technical interest in the Keynes plan after discussing it informally with British experts, Sir Kingsley said.

The British, he said, would not view criticism of the Keynes plan as "derogatory of international prestige."

The Keynes plan, he said, would fix the exchange values by agreement, and while it did not rule out gold as an exchange medium the British did not think the trading position of any country should be determined entirely by the size of its gold stocks.

## Declares Dr. Anderson Confuses Issue On Foreign Exchange Stabilization Plans

American Plan Not So Horrendous, Says  
Chicago Journal Of Commerce

Editorial comment on the views of Dr. Benjamin M. Anderson with respect to the Morgenthau and Keynes foreign exchange stabilization plans (referred to in our May 13 issue, page 1755) appeared as follows in the Chicago "Journal of Commerce" of May 13:

### Dr. Anderson's Speech

Speaking before the Los Angeles Chamber of Commerce on Tuesday evening, Dr. Benjamin M. Anderson flayed the Keynes and American currency stabilization plans. What came in perhaps for his severest criticism were the provisions in these plans for liquidation of "abnormal war balances."

As a matter of fact, the British have no particular provision for this, so it is the American proposal at which Dr. Anderson is directing his fire. Yet a quiet reading of the American plan reveals no such horrendous things as Dr. Anderson seems to find.

The problem of "abnormal war balances" is quite important. The countries in which large totals of war balances are found are the United States and Britain (omitting Germany). The countries to which those balances belong are almost the rest of the world. The balances tied up in the United States are no problem. They were not blocked because of any scarcity of gold or foreign exchange assets, nor would their unblocking leave us short of gold or foreign exchange.

But England is in a different situation. The gold and foreign exchange reserves which England now has are too small to permit her to remove restrictions on mass withdrawal of funds of foreign owners. The unblocking of funds held in Britain is greatly to be desired from our point of view, because it frees that amount of money for trade purposes for everyone—and we have a vital stake in world trade.

The American plan of handling these war balances, which excited Dr. Anderson unduly, may be described by an example. Let us assume that the "Kingdom of Belgravia" has £50,000,000 blocked in England, and it wants to draw £10,000,000 to pay for adverse trade balances arising mainly from purchasing Russian and American goods. Under the American plan, Belgravia would make application to the international fund. The fund would arrange to have £10,000,000 in currency transferred from the British banks to the fund. There is a small service charge for this transfer. The fund then gives the Belgravian Government the equivalent of £10,000,000 in American dollars and Russian rubles which Belgravia needs to pay for purchases. The dollars and rubles are in the stabilization fund.

That operation, it will be noted, leaves the fund with a wad of British paper money. Under the plan, the British and Belgravian Governments must, after three years, begin to buy back some of this British paper money—the British buying it back either with gold or such free currency as the fund may wish to accept, and the Belgravians buying back their share with their own paper money. This buying-back process may take as long as 20 years. Over a 23-year period, therefore, this hoard of British paper money is liquidated, Belgravia has been able to get at her war balances in England, and the British have been able to release their blocked funds without any strain on their slim gold reserves or foreign trade balances.

Dr. Anderson doesn't like this procedure. He prefers to have England "tell her creditors the facts and let her ask their indulgence and let her make agreements with them." But England's creditors already know the facts; what they want is cash or international balances, and it is to our

benefit to help England make these balances available to our foreign trade customers, without upsetting the British pound.

Dr. Anderson goes on to say, "I ask by what right the United States could refuse to pay in gold those foreigners who have trusted us . . . or those who have lent us their gold . . . ?" The assumption here is that we are forced, under the Morgenthau plan, to release our abnormal war balances through the stabilization fund. But the Morgenthau proposal says no such thing. The fund stands ready with its mechanism to help liquidation of these balances should member countries be unable to do so; but where members are willing and able to settle these balances without difficulty—as we are—there is no compulsion to work through the fund at all. We can settle our war balances directly with any country in the world, and under the plan would not have to use the international fund for such adjustments.

Under the circumstances, it is disappointing to find so notable and careful a thinker as Dr. Anderson, confusing the issue. The American proposal has flaws, and it is necessary to point them out in order to eliminate them, but the arrangement to handle abnormal war balances is not one of these flaws.

### Pay On Panama 5s

The National City Bank of New York, as fiscal agent, is notifying holders of Republic of Panama 35-year 5% external secured sinking fund gold bonds, series A, due May 15, 1963, that funds have been received under fiscal agency contract of June 22, 1928, under which the above-entitled bonds were issued, and are now available for distribution (a) as a final payment on account of the interest represented by the May 15, 1940, coupons pertaining to the said bonds, in the amount of \$5.96 for each \$25 coupon and \$2.98 for each \$12.50 coupon, and (b) as a partial payment on account of the interest represented by the Nov. 15, 1940, coupons pertaining to the said bonds, in the amount of \$15.24 for each \$25 coupon and \$7.62 for each \$12.50 coupon.

The distribution will be made at the office of the fiscal agent, the National City Bank of New York, 22 William Street, upon surrender of the May 15, 1940, coupons, and upon presentation of the Nov. 15, 1940, coupons, accompanied by properly executed letters of transmittal.

### Leon Henderson Joins Research Institute

The Research Institute of America announces that Leon Henderson, former Price Administrator, has become Chairman of its Board of Editors and will assist in directing the Institute's editorial policy.

The Institute, a private organization, was founded in 1935 and has main offices in Washington and New York. It supplies business men and manufacturers with business information and most recently has been specializing on war controls, taxation, social security, and post-war planning.

Mr. Henderson's resignation as Price Administrator was referred to in these columns Dec. 24, page 2252.



## Austin Declares Manpower Pool Will Be Exhausted Unless Population Mobilized

Declaring that the margin between manpower needed and manpower available is dangerously narrow, Senator Warren R. Austin (Rep., Vt.) earlier this month called for enactment of the Austin-Wadsworth bill, of which he is co-author, before the exhaustion of manpower. In part, Senator Austin, addressing the meeting of the National Association of Mutual Savings Banks in New York, said:

"The mobilization of all mobile persons in America has progressed haltingly and with many unnecessary delays attributable to our reluctance to accept inevitable suspension of individual rights in the cause of ultimate preservation of those rights. In a word, we have progressed from the purely voluntary method to the involuntary method accompanied by indirect sanctions, and thence to the involuntary method, through various orders, which are asserted to be supported by penalties provided by law.

"Now we are forced to take another step, because these efforts have failed to mobilize our entire mobile population. Voluntary methods and Executive Orders reach only a limited number and kind of jobs, and only those people who are within reach of indirect sanctions. The method of dealing with manpower without legislative authority cannot accomplish the registration, classification, training, selection, assignment, placement, promotion and transferring which are essential to accelerate production and increase quality and quantity. Without legislation, such as the Austin-Wadsworth Bill, enacted in advance of exhaustion of our manpower, we cannot tap the pool where additional manpower can be found."

With respect to the bill, the New York "Times" of May 7 said:

His (Senator Austin's) bill, written jointly by the American Legion and the Citizens Committee for a National War Service Act, would permit the President to call for volunteers for any given plant, factory, mine or industry and, if failing to secure the required number of workers, then invoke the labor draft.

"In the case of the mine strike," he said, "the President could have called for volunteers to operate the mines under my bill. If volunteers did not respond, then they could be assigned to the work."

At a press conference held earlier in the day Senator Austin stated that under terms of the bill the President might have ordered the miners back to work, but he vigorously denied that the measure could be construed as "strike-breaking" legislation.

In his address Senator Austin said:

"I think that one of your great opportunities as leaders of thought is to point out to your friends and neighbors how nearly touch-and-go this manpower question is right now. It is dangerous to postpone this legislation."

## Cotton Production In 1942

The Crop Reporting Board estimates the area of cotton in cultivation in the United States on July 1, 1942, to have been 23,302,000 acres; the area harvested 22,602,000 acres, and the lint yield of cotton 272.5 pounds per harvested acre. Production in 1942 of 12,824,000 bales of 500 pounds gross weight exceeded the crop of 1941 by 2,080,000 bales, or 19.4%, but was slightly below the average production of 13,109,000 bales for the 10-year period 1931-40. The lint yield per acre of 272.5 pounds for the United States is the highest of record. The previous record was 269.9 pounds per acre produced in 1937.

Estimates of planted and harvested acreage are in substantial agreement with acreages measured by the Agricultural Adjustment Agency. The estimates of production represent total ginnings enumerated by the Bureau

of the Census with allowance for interstate movement of seed cotton for ginning.

Total production of cottonseed in 1942 is calculated at 5,720,000 tons compared with 4,788,000 tons in 1941. This production is computed from lint production, taking 65 pounds of cottonseed for each 35 net pounds of lint. Cottonseed is an important source of vegetable oil, which is greatly needed in the war effort. Of the 1942 production it is estimated that 4,765,000 tons have been or will be delivered to oil mills for crushing. On the basis of average oil content in past years for the country as a whole, the 1942 cottonseed crop should produce approximately 1,500,000,000 pounds of oil.

Production of Egyptian cotton is estimated at 75,300 bales compared with 59,800 bales produced in 1941. Final yield per acre, at 200 pounds, compares with 211 pounds for the previous year. The increase in acreage in 1942 was more than sufficient to offset the smaller yield per acre.

A total of 800 bales of Sea Island cotton was harvested in 1942 from 5,200 acres. This compares with 2,800 bales harvested in 1941 from 30,400 acres. Poor yields realized in 1941 were responsible for the greatly reduced acreage in 1942.

Calculated at the season average price of lint cotton sold through March 31, the values of total lint production of the 1942 crop is placed at \$1,213,761,000. Included is the value of about 2,700,000 bales of loan cotton from the 1942 crop unredeemed on April 1. The value of cottonseed production, at \$260,773,000 brings the total value of the 1942 cotton crop to \$1,474,534,000. In terms of dollars the 1942 cotton crop was the most valuable produced since 1928.

The crop season of 1942 was unique in that yields somewhat better than average were produced in practically all areas. Record State yields were produced in only three States, namely, Virginia, Mississippi and Arkansas, but with near record yields in a number of other States the United States average yield was higher than in any previous year.

The 1942 cotton crop got off to an unusually good start. The effects of insect damages were held to a minimum during July and August by above-normal temperatures. At the same time rainfall was sufficient and timely for proper development of the plants. Above-normal precipitation and below-average temperatures during September and later months delayed maturity and resulted in some reduction from earlier prospects. The appearance of leaf worms and boll weevils in Oklahoma and parts of Texas caused considerable reduction in those areas. There was also some loss of mature cotton because of local scarcities of labor for picking.

According to reports of crop correspondents the reduction from a full yield of all cotton from various stated causes was 26.0% in 1942 compared with 38.6% in 1941. The percent reduction reported for 1942 was less than for any year since 1925 excepting that reported for 1937. Losses from insects, at 12%, were about average and compare with 20% for 1941. Losses because of adverse climatic conditions were reported at 11% compared with average losses from these causes of about 18.5%.

## Alien Assets Frozen Total Over \$7 Billion

The Office of War Information announced on May 5 that more than \$7,000,000,000 of assets of enemy and enemy-occupied nations are now under "freezing" control or are under the control of the Alien Property Custodian.

Washington advices of May 5 to the New York "Times" further said:

Forthright action taken by the government on enemy patents, the OWI said, halted an economic invasion of this country launched nearly 25 years ago when German finance and industry began to build here a powerful organization centered in the chemical field and extending to the electrical and heavy goods industries, and used American or neutral "fronts" to conceal true ownership.

The Axis interest in 285 business enterprises has been taken over. About half of these enterprises have been wound up and their plants made available to others engaged in the production of war or essential civilian goods. The Custodian, Leo T. Crowley, has assisted the surviving enterprises to obtain loans and has facilitated negotiations with government procurement agencies.

A total of 41,077 patents and patent applications owned by enemy nationals and the nationals of enemy-occupied countries have been vested in the custodian. Those that are enemy-owned are to become the permanent possession of the American people.

The patents cover some of the latest achievements in the production of dyestuffs, plastics, pharmaceuticals, electrical goods and textiles. They include many processes which enabled the enemy to carry on mechanized warfare while cut off from petroleum, rubber and other basic raw materials.

## Bank Auditors To Hold Meeting In Detroit

Ottmar A. Waldow, Comptroller of the National Bank of Detroit, and President of the National Association of Bank Auditors and Comptrollers, announced in the "National Auditgram," their official publication, that because conditions of travel, due to war times, have not materially improved since 1942, and because of the serious shortage of administrative men in banks and the consequent difficulty for the members to leave their positions, the Executive Committee decided to follow the precedent of 1942 and not hold a general convention.

However, an abbreviated annual meeting will be held in Detroit, Mich., Sept. 24 to elect officers and to transact such other business as would ordinarily come before such a meeting. Mr. Waldow has asked that each of the 50 organized conferences name a delegate to attend this meeting.

At noon on Sept. 24, in Detroit, there will be a meeting of the Organization Committee, and since the President of each conference is a member of that important committee, it is expected that they will be in attendance. Also in attendance will be the National Committeemen, representing the Federal Reserve districts, and chairmen of the various standing committees.

No regional conferences sponsored by the National Association are being held this Spring. Mr. Waldow, Hugh E. Powers, Cashier, Lincoln Bank and Trust Company, Louisville, Ky.; John C. Shea, Auditor, Whitney National Bank, New Orleans, La., and Arthur R. Burbett, Comptroller, First National Bank, Baltimore, Md., national officers of the Association, were scheduled to meet at the national headquarters of

## Urges U. S. Business Men Seek South American Participation In Enterprises In Their Countries

Eric A. Johnston, President of the United States Chamber of Commerce, at Chicago, on May 10, urged American businessmen to seek the participation of South Americans in the ownership and management of joint business enterprises in these countries, said Associated Press advices from Chicago, on May 10, which added:

"There is much we can do in South America to be of assistance, but we must do it in a measure of cooperation with the peoples of these countries," he said.

"American business in investing in South America must share the investment with Latin Americans so that they participate in the management and in the ownership."

"On the other hand, I suggest that they set up some type of insurance companies to guarantee at least a return of the original American investment. This is needed to encourage future investment. I also believe that they need to work out a system of refunding the defaulted bonds which are held in this country."

Mr. Johnston said he had recently returned from a trip to South America, where he visited with the Presidents of seven countries and talked with the leaders of labor, business and church. He added:

"I can assure the American people today that the people of South America have a great interest in the United States and they want continued a good neighbor policy after the war is over."

## Rule Of Bureaucracy Assailed As Blighting

Vivien Kellems, Connecticut manufacturer, speaking before Westchester County Federation of Women's Clubs at the Hotel Biltmore last month, charged the Washington administration and its agencies with attempting to dominate and control every detail of American life in furtherance of an over-all plan for Utopia, according to the New York "Sun" of April 30, which further indicated the speaker as saying:

"We're fighting two wars—one on the far-flung battlefronts all over the world, the other right here at home. Our boys are waging the battle against our foreign enemies, and they are going to win, but, unless we also win, theirs will be a Pyrrhic victory. They will return to find that the very things they fought to exterminate—Fascism, Communism, Statism—call it any name you like—was slipped in the back door and fastened on us while they were gone."

She cited as evidence of efforts to develop the "over-all" plan what she said was an effort to control the press; food control regulations; the recent OPA plan for standardizing manufactured articles, eliminating brand names, and Mrs. Roosevelt's suggestion that all youth should be compelled to give one year of service to the State. The German Nazis, she charged, began their successful campaign to control Germany by similar moves.

"If the withering hand of control lays its blight on our press," she declared, "everything we hold dear dies with it." She said that the OPA and WPB for two years have been threatening to cut the amount of newsprint allowed papers and magazines, adding:

"Of course, no one bothered to prove that a cut in newsprint was necessary. Nothing whatever was said about the fact that the Federal Government ordered 350,000,000 pounds of paper for use in 1943; 60% more than the Government used in 1941. While newspapers and magazines were cut 10% at the beginning of the year,

five in Cleveland, Ohio, on May 8, to complete plans for the Annual meeting and discuss organization activities for the intervening months.

it is a disgraceful fact that during the first three weeks of this year the Federal Government in Washington alone, not counting the rest of the country, actually used 115,545,000 pounds of the 350,000,000 pounds intended for the whole year." She also cited the recent controversy over admission of the press to the United Nations Food Conference as further evidence of the attempt to hamper the press.

The OPA orders regarding standardization of manufactured articles, she said, "under the guise of simplification and pricing to aid the war effort, require goods labeling and standardization of such type as to threaten elimination of brand names and trademarks and put out of business manufacturers and distributors who have spent years developing a quality product and promoting its mass production." "The plan," she declared, "strikes at the very roots of American business."

She paid tribute to Capt. Eddie Rickenbacker "as one man who dares to speak out fearlessly with authentic facts" about conditions here and on the battlefronts, and urged support of his suggestion that the women of the country band together to remedy current evils. The Captain suggested calling the organization the Blue Star Women of America.

"Why not," she demanded of the clubwomen, "include in your next year's work the program for victory which Capt. Rickenbacker has outlined?"

"Proper wartime restrictions we must accept," she concluded, "but let us see to it that the moment this war is over we cast every dictate, every restriction on our freedom, every rule, every regimentation out of our lives and restore once more freedom of equality and freedom of opportunity."

## President Proclaims June 14 Flag Day

President Roosevelt on May 4 proclaimed June 14 as Flag Day and asked the people to fly the Stars and Stripes this year along with the flags of the United Nations where feasible.

Associated Press Washington advices, reporting this added:

"We know that our flag is not fighting alone," he said. "This year the flags of 32 United Nations are marching together, borne forward by the bravery of freemen. Together they are the emblem of a gathering offensive that shall liberate the world."

"As brothers in arms, we of the United Nations have pledged to one another our mutual strength until total victory is won and peace assured."

A teamwork with our Allies is being perfected, the President said, which will bring victory in a great cause. The United Nations, he said, face the future resolutely and rededicate themselves "to the achievement of permanent collaboration among nations and security for all men."

While June 14 has been set aside as Flag Day for years, the Chief Executive said that this year "the Stars and Stripes is a battle emblem flying in the deserts and jungles and over Arctic snows."

Today, he said, it is "a mark of hope to our allies and of despair to our enemies," and has found its way "to the heart of the enemy over Berlin and Tokyo."



## Every Citizen Must Support Mobilization Of Financial Resources, Robbins Tells Bankers

Citing four ways in which "a nation must marshal its resources for the intensive, prolonged and terrible struggles of modern warfare," William M. Robbins, Chairman of the U. S. Treasury's War Finance Committee, pointed out at a luncheon in New York on May 6 at the Waldorf-Astoria Hotel of the National Association of Mutual Savings Banks, that when war came, those four tasks "were staggering." Describing them, he said:

"We had to assemble the gigantic fighting forces that would deliver the actual blows against our enemies. We had to mobilize our industries to produce sorely needed equipment, welding these industries into a single, efficient, coordinated machine.

"We had to stimulate our domestic economy and our agriculture to serve both our armies and our civilians. And we had to mobilize our financial resources.

"Of these four tasks none was more obvious, more swiftly recognized, or more swiftly fulfilled, than the assembling and training of our fighting men. Second only to that was the marshalling of industry.

"There was serious delay in the mobilization of industrial and farm workers because the vital need was not so apparent, but we have begun to deal with it decisively. There has been even more serious delay in the marshalling of our financial resources and we have only just begun their mobilization."

Mr. Robbins stated that "our financial mobilization is lagging because America does not yet wholly understand how vitally necessary it is for us to fight with our dollars as well as with our machines and our men." He further said:

"People do not yet realize that we must draw financial support from every citizen in the land just as we draw on our manpower or our raw materials or our productive capacity. A war, or a battle, is won by concentration of power. That is one of the oldest rules of strategy. Today, when warfare is so closely geared to the production front, the rule applies equally to farm and factory and finance. The sooner we realize this, the sooner we will end the world-wide threat to civilized decency, and the fewer the lives it will cost us in ending it."

Mr. Robbins pointed out that the Government is now spending at a rate of well over 200 million dollars a day, or almost 7 billion dollars a month. By the end of 1943 we will be spending nearly as much per month as we spent per year in any peacetime year in our history. "Federal taxes from all sources, at current rates," he said, "provide for only about a third of estimated expenditures for the year. Approximately two-thirds of the funds that are required must be borrowed. About 70 billion dollars in new money must be raised by borrowings from all sources during the current year." In part he continued:

"New money raised during the four-month period January through April amounted to 25 billion dollars — an amount well over the assigned 20 billion dollar goal.

"The April, Second War Loan drive, just ended, climaxed this period. Second War Loan sales of Government securities reached a total of 18 billion dollars, as compared with our total goal of 13 billion.

"It would appear, therefore, that our borrowing program is an outstanding success, that it promises security for the future.

"But these gigantic figures alone do not tell the whole story. While the figures do convey the impression of a truly staggering financial mobilization, the fact is that our mobilization has been partial and incomplete, despite the splendid work done by individuals and groups of individuals, who have contributed so much to our war financing.

"We have raised the tremendous amount of money asked of us; but we have not raised enough of the kind of money the Government today so desperately requires.

"During the Second War Loan drive we raised altogether about 18 billion dollars, but only two and three quarter billion dollars, or 15% of the total, represented securities purchased by individuals. Only one and one quarter billion dollars, or 7% of the total, represented the purchase of E Bonds, known as the people's bond.

"This is not a record to give us satisfaction. We have a long way, a very long way, to go before we come close to reaching the capacity of the people to buy War Bonds."

Mr. Robbins declared that "to mobilize our financial resources we must mobilize more people to ring door bells. More importantly, however, we must enlist the complete enthusiasm of what we might call multiple contact people, people who are in touch daily with individuals with money to invest. People to whom workers with more money than they can spend look naturally for financial advice. People like yourselves."

Expressing the belief that "our financial mobilization, if it is to be successful, must manifest itself at the community level," Mr. Robbins said:

"It is not something that can be accomplished at Washington. The mobilization must take place in your home communities. It cannot be organized by hard and fast rules and regulations made by people hundreds or thousands of miles away. Your communities must mobilize their own financial resources, in their own way. No two communities will do it quite alike. It won't be done in Texas as in Maine, or in Oregon as in Florida. It will be geared to the life and habits and philosophy of its local citizens.

"And such mobilization on a community level calls for community leadership, leadership of the kind that represents all elements in the life of each community. You bankers are among those who can help in that leadership. Your word commands respect. Your reputation is known to your fellows and neighbors. You have the ability to lead and assist them in a democratic, voluntary, spontaneous mobilization. On the record to date there seems to be no necessity for compulsory savings, and if we succeed in our ultimate goals, there probably never will be. We are not asking people to withdraw money from savings accounts to buy War Bonds — we are asking them to put their new income over the necessities of life into Bonds."

## Latin-American Diplomats Present Credentials

President Roosevelt received at the White House on May 4 the credentials of six Latin-American diplomatic representatives whose ranks were raised recently from Ministers to Ambassadors. They were Adrian Recinos, of Guatemala; Hector David Castro, of El Salvador; Leon Debayle, of Nicaragua; Julian Caceres, of Honduras; J. M. Troncoso, of the Dominican Republic, and Andre Liantaud, of Haiti. United States Ministers to these countries recently were raised to the rank of Ambassadors also.

## Clerical Wages Rise In New York Area

Salaries of white-collar workers in the five boroughs of New York City are in the ascendancy, according to the annual survey of weekly clerical salaries completed by the Industrial Bureau of the Commerce and Industry Association of New York and made public on May 9. It is pointed out that although New York City still is one of the few areas in the country where manpower still is relatively plentiful, 171 of the 281 firms participating in the survey reported that they are experiencing difficulty in securing clerical personnel. The announcement issued by the Secretary of the Association, Thomas Jefferson Miley, states:

"The Association's survey included reports from banks and trust companies, investment banking and brokerage houses, insurance companies, transportation companies, public utilities, wholesale and retail firms, manufacturing concerns, importers and exporters, hotels, publishers, advertising agencies and printing companies.

"The weighted average salary level of the largest group of workers in all categories was \$33.37 for males, \$27.32 for females, compared with levels of \$29.63 for males and \$25.29 for females, reported in the Association's survey of the previous year.

"For instance, the salaries of stenographers (female), ranged from \$15 to \$58, with the weighted average level of the largest group at \$30.21. In 1941 the range was from \$13.85 to \$57, with the weighted average at \$27.72. In 1942 the weighted average for male typists was \$25.62, and for females, \$23.47; in 1941, the figure was \$24.61 for males, \$22.36 for females. Salaries of bookkeepers, machine operators, dictaphone operators, telephone operators and clerks have risen also, in varying amounts.

"In making the survey, the Association's Industrial Bureau did not include any administrative positions or employees receiving more than \$50 a week.

The survey showed the weighted average of the salary level of the largest groups in clerical positions in various industries were: insurance companies, \$30.04, male, \$26.42, female; transportation companies, \$36.04 male, \$27.09, female; public utility companies, \$36.28, male, \$32.50, female; trade (wholesale), \$32.81, male, \$25.83, female; trade (retail), \$30.31, male, \$21.83, female; importers and exporters, \$36.62, male, \$27.21, female; manufacturing (New York City administrative offices), \$32.64, male, \$28.14, female; manufacturing (plant offices), \$33.88, male, \$23.88, female; hotels, \$24.15, female (male not tabulated due to incomplete data); newspaper publishers, printers and advertising agencies, \$25.72, male, \$25.18, female; banks and trust companies, \$38.94, male, \$25.01, female; investment banking and brokerage, \$34.31, male, \$25.08, female; miscellaneous, \$28.83, male, \$26.60 female.

"The Commerce and Industry Association has been conducting clerical salary surveys for many years and this data has proven helpful to members in checking their salary rates against other companies in the same industry. Due to the recent wage stabilization and manpower regulations, data on salary levels today has become extremely important to business men.

"A number of changes were made in the present survey in order to make it more useful to personnel managers. Before sending out the questionnaire, the Industrial Bureau representative contacted the personnel managers of a number of the large companies and asked for suggestions as to the type of survey and in-

formation they believed most desirable. As a result, it was decided to supplement the usual high and low range of salaries with a figure to be known as "salary level of the largest group." It was the consensus of opinion that the high and low salary range did not give the true picture, as the low would be the rate paid to beginners or a poor class of employee, while the high would represent an individual doing special work."

## More Investigators To Check Ceiling Prices

Prentiss M. Brown, Price Administrator disclosed on May 13, plans to hire 1,400 more investigators to help roll back the cost of living and added that the OPA's new subsidy program will be strictly experimental, according to an Associated Press advice from Washington on May 13, which added:

Job of the new investigators will be to educate innocent violators of price rules and punish wilful chiselers, Mr. Brown said. Aids have estimated that effective enforcement, depending mostly on adequate personnel, could cut the cost of living 5 per cent.

By such enforcement — and careful use of subsidies — Mr. Brown said in an interview, the OPA expects to bring down the cost of living to the level of September 15, 1942, and hold it there.

He added that his recently announced plan to seek a 10 per cent reduction in the retail costs of meat, butter and coffee about June 1 through subsidies was experimental. The future use of subsidies, he indicated, will depend on actual results of the trial next month.

The 1,400 extra investigators, Mr. Brown explained, will be added to an existing force of approximately 3,500. Their salaries are provided for in the next OPA budget, already approved by the White House for submission to Congress.

With volunteers from local ration boards the investigators will go from store to store, checking compliance with price rules, explaining how to correct the innocent errors, and preparing evidence for criminal prosecution in the wilful cases.

The OPA is now putting out simplified price lists so that store owner and housewife alike will be aware of legal prices.

"The combination of understandable ceiling prices and vigilant enforcement," Mr. Brown said, "should hold the line, except in certain cases where subsidies are required."

The OPA chief said he believed prices have been held in control better than most people realize. Excepting the situation in food, he said prices of such important factors as steel, iron, aluminum, copper, lead, cotton cloth, hides, gasoline and crude oil had been held almost without change in the past year.

## Nat'l Bank Earnings Higher In 1942

Comptroller of the Currency Preston Delano announced on May 17 that the 5,087 active national banks in the United States and possessions on Dec. 31, 1942, reported gross earnings of \$962,837,000 for the calendar year 1942. This represents an increase of \$37,174,000 over the gross earnings for 1941 of the 5,123 national banks that were in active operation on Dec. 31 of that year.

The Comptroller's announcement further reported:

"Operating expenses for the year 1942 were \$670,754,000 as against \$641,648,000 for the year 1941. Net operating earnings for 1942 were \$292,083,000, which was \$8,068,000 more than the amount

reported for the preceding year. Adding to the net operating earnings profits on securities sold of \$30,474,000 and recoveries on loans and investments, etc., previously charged off of \$91,112,000, and deducting losses and depreciation of \$170,326,000, the net profits before dividends for the year 1942 amounted to \$243,343,000, which was 16.17% of the par value of common and preferred stock and 6.51% of capital funds. This figure of net profits before dividends for 1942 was \$25,952,000 less than the amount reported for 1941.

"The principal items of current gross operating earnings for 1942 were \$432,388,000 from interest and discount on loans, a decrease of \$25,078,000; and \$354,306,000 from interest and dividends on securities, an increase of \$62,322,000 in the year. The principal operating expenses were \$291,469,000 for salaries and wages of officers and employees, an increase of \$19,412,000 over 1941; \$89,867,000 expended in the form of interest on time and savings deposits, a decrease of \$9,332,000 and \$99,944,000 paid in taxes, an increase of \$14,810,000.

"Profits on securities sold during 1942 aggregating \$30,474,000 were \$49,509,000 less than in the preceding year, and losses and depreciation on securities for 1942 totaling \$73,253,000 were \$18,881,000 less than in the year before.

"Dividends declared on common and preferred stock in 1942 totaled \$136,804,000, in comparison with \$147,970,000 in 1941, and were 9.09% of common and preferred capital and 3.66% of capital funds. The dividends to stockholders in 1942 were 56.22% of net profits available. The remaining 43.78% of net profits, or \$106,539,000, was retained by the banks in their capital accounts."

## Success Of War Loan Lessens Need For Forced Savings: FDR

President Roosevelt indicated at his press conference on May 7 that the heavy oversubscription to the \$13,000,000,000 Second War Loan had lessened to some extent the need for enforced savings.

Revealing that final figures showed sales of \$18,300,000,000, or more than \$5,000,000,000 in excess of the goal, the President declared that, while the need for forced savings had been reduced, the oversubscription had not changed the government's need for new taxes. In his January budget message, Mr. Roosevelt asked Congress to collect \$16,000,000,000 in additional funds by taxation, savings or both, during the fiscal year 1944.

Declaring that a grand job had been done by the Treasury and the public, the President analyzed some of the figures from the latest campaign and said its success had deferred from July until late September or early October a third money drive and had lessened to some extent the need for enforced savings.

Associated Press Washington advices of May 7 reported the following:

He informed a press conference that in approximately two years over \$10,000,000,000 has been put into the E type war bonds and 50,000,000 Americans have subscribed to them.

Asked whether the \$5,000,000,000 oversubscription made any difference in his program of \$16,000,000,000 in additional taxes and enforced savings which he requested of Congress in January, the President replied in the affirmative as to the savings. It decreases the need for them very definitely, he asserted.

Of course no one knows what Congress is going to do on tax bills, he added, but, subject to events on Capitol Hill the en-



forced savings subject can be put off for the time being.

He emphasized, however, that we still need more taxes. There is a certain total that the Treasury must receive, he said, and that has not changed since the monthly total the Government pays out is running about true to the form forecast in January.

Mr. Roosevelt reported that against a goal of \$8,000,000,000 more than \$13,000,000,000 in the just completed loan campaign came from investors other than commercial banks. The average people, he said, put \$3,000,000,000 of their savings into direct purchases of bonds another \$3,500,000,000 was taken by insurance companies and savings banks which the President described as repositories for the savings of millions of people.

The people, he said, thus participated to a much larger extent, almost double, in the Second War Loan drive than in the first last December.

## Mrs. Roosevelt Warns Youth Beware Of Reds

Mrs. Franklin D. Roosevelt warned members of the recently organized United States Student Assembly, on May 8, at their first national conference, against allowing the organization to be used as a front for underground Communist youth movements, said the New York "Herald Tribune" of May 9, which had the following to say regarding the meeting:

Addressing 200 delegates and observers from American colleges in an afternoon session at the Young Women's Christian Association Building, 610 Lexington Avenue, Mrs. Roosevelt said she approved of co-operation between the youth of America and Russia, but added that "when people are working together they must be honest; they must tell exactly where they stand and what they represent."

The problem of Communist infiltration in the assembly came up at the opening of the conference Friday, when Miss Irene Murray, the general secretary, accused the Young Communist League of attempting to take over the conference by packing it with delegates sent from graduate schools. Applications from about 40 such delegates were rejected, and a resolution to seat graduate students was defeated at the business session yesterday morning.

Mrs. Roosevelt mentioned the Young Communist League specifically in her talk. She said that League members had the right to voice their opinions, but that if they were to continue to live in this country, they must obey the country's laws, and not advocate overthrow of the government by force.

"There has been a custom of using people to carry out the aims of the young Communist groups who did not honestly declare themselves as belonging to Communist groups, and that we cannot tolerate in a democracy," she said. "You can work with any one who has the courage to stand up and say what he believes, but you can never work with any one who says one thing and does another, or who stays silent and does not state his objectives."

The United States Student Assembly, organized last September, is an outgrowth of the International Student Service, in which Mrs. Roosevelt has been interested since she withdrew her support of the American Youth Congress two years ago by declining to speak at one of its gatherings. Mrs. Roosevelt denied at the time that her break with the American Youth Congress was the result of charges that the group was dominated by Communists, and insisted that her principal disagreement with it was on its stand against lend-lease aid to Britain.

## Bankers' Dollar Acceptances Outstanding On April 30 Decreased To \$128,350,000

The volume of bankers' dollar acceptances outstanding on April 30 totaled \$128,350,000, a decrease of \$1,468,000 from the March 31 total, according to the monthly acceptance survey issued May 12 by the Federal Reserve Bank of New York. This was the first decline in the total in the last four months. The total amount of acceptances outstanding on April 30 was \$48,943,000 below a year ago.

In the month-to-month comparison, only credits for exports and domestic warehouse credits were lower, whereas, when compared with a year ago, all branches were under the April 30, 1942 total.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS			
Federal Reserve District—	April 30, '43	March 31, '43	April 30, '42
1 Boston	\$22,714,000	\$24,129,000	\$31,271,000
2 New York	77,048,000	75,663,000	110,096,000
3 Philadelphia	5,151,000	5,121,000	9,213,000
4 Cleveland	1,787,000	2,024,000	2,806,000
5 Richmond	2,421,000	2,597,000	1,604,000
6 Atlanta	2,458,000	2,564,000	2,526,000
7 Chicago	4,679,000	4,961,000	5,147,000
8 St. Louis	722,000	676,000	750,000
9 Minneapolis	204,000	204,000	184,000
10 Kansas City	712,000	867,000	2,394,000
11 Dallas	10,454,000	11,012,000	11,302,000
12 San Francisco			
<b>Grand Total</b>	<b>\$128,350,000</b>	<b>\$129,818,000</b>	<b>\$177,293,000</b>
Decrease for month	\$1,468,000	Decrease for year	\$48,943,000

ACCORDING TO NATURE OF CREDIT			
	April 30, '43	March 31, '43	April 30, '42
Imports	\$70,824,000	\$68,740,000	\$96,697,000
Exports	8,632,000	11,614,000	16,703,000
Domestic shipments	13,178,000	12,990,000	16,882,000
Domestic warehouse credits	24,837,000	26,288,000	31,259,000
Dollar exchange	317,000	315,000	1,496,000
Based on goods stored in or shipped between foreign countries	10,562,000	9,891,000	14,256,000

BILLS HELD BY ACCEPTING BANKS		
Own Bills	\$61,109,000	
Bills of Others	\$38,370,000	Total \$99,479,000
Decrease for month	\$1,031,000	

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES MAY 12, 1943			
Days	Dealers' Buying Rates	Dealers' Selling Rates	
30	1/2	1/2	
60	1/2	1/2	
90	1/2	1/2	
120	1/2	1/2	
150	1/2	1/2	
180	1/2	1/2	

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since May 31, 1940:

1940—			1941—			1942—		
May 31	\$213,685,000		May 31	\$215,005,000		May 29	\$173,906,000	
June 29	206,149,000		June 30	212,932,000		June 30	162,849,000	
July 31	188,350,000		July 31	209,899,000		July 31	156,302,000	
Aug. 31	181,613,000		Aug. 30	197,472,000		Aug. 31	139,304,000	
Sept. 30	176,614,000		Sept. 30	176,801,000		Sept. 30	123,494,000	
Oct. 31	166,786,000		Oct. 31	184,806,000		Oct. 31	118,581,000	
Nov. 30	196,693,000		Nov. 29	193,590,000		Nov. 30	116,067,000	
Dec. 31	208,659,000		Dec. 31	194,220,000		Dec. 31	118,039,000	
1941—			1942—			1943—		
Jan. 31	\$212,777,000		Jan. 31	\$197,278,000		Jan. 30	\$119,682,000	
Feb. 28	211,865,000		Feb. 28	190,010,000		Feb. 27	127,062,000	
Mar. 31	217,312,000		Mar. 31	182,675,000		Mar. 31	127,062,000	
Apr. 30	219,561,000		Apr. 30	128,350,000		Apr. 30	177,293,000	

## March Building Construction Dollar Volume In Urban Areas Declined 72% From Year Ago

The dollar volume of building construction started in March in urban areas of the United States showed a 72% decrease when compared with the same month of 1942, Secretary of Labor Frances Perkins reported on May 1. "A 72% decline in the value of contracts awarded for Federally financed building projects in March was accompanied by a similar drop in the value of permits issued for private work," she said. "New non-residential building valuations dropped 85%, as compared with decreases of 60% in new residential building and 55% in alterations and repairs to existing structures."

For the thirteenth consecutive month the total value of building construction work started registered a decline, says the Department's advices, which added:

"Between February and March, 1943 the total valuation of building construction fell off 15%. The increase of 42% in the permit valuation of private activity failed to offset the 47% decrease in the value of Federal contract awards. Valuations for all new non-residential building dropped 44%, while those for new residential construction and additions, alterations, and repairs registered gains of 1% and 14%, respectively."

Changes in permit valuations and value of Federal contracts awarded between February and March, 1943 and between March, 1942 and March, 1943 in all urban areas are summarized below:

Class of construction	Percentage change from:			Percentage change from:		
	Feb. 1943 to Mar. 1943			Mar. 1942 to Mar. 1943		
	Total	Federal	Other than Federal	Total	Federal	Other than Federal
All building construction	-15.2	+41.9	-47.0	-71.8	-71.8	-71.8
New residential	+1.2	+56.9	-36.7	-60.2	-72.6	+68.9
New non-residential	-43.8	+30.8	-54.1	-84.8	-84.5	-84.9
Additions, alterations and repairs	+14.0	+23.1	-75.1	-55.0	-52.0	-88.9

From the Labor Department's announcement, we also quote: "Permits were issued or contracts were awarded for 15,538 family dwelling units in urban areas during March, 1943. This was 13% less than the total for the previous month and 51% less than in March, 1942. Almost 40% of the total in March, or 6,201 units, were in Federal housing projects for war workers. These Federally financed units show a drop of 47% from the previous months but a 144% increase from March, 1942. The number of privately financed units in March, 1943 were nearly 53% greater than in the previous month, but 68% less than in March, 1942. Federal contracts were also awarded during March, 1943 for dormitories providing accommodations for 2,080 persons."

"The Bureau of Labor Statistics has revised its methods of summarizing reports on building permits. Through January, 1943, the figures covered a specified number of reporting cities, which varied from month to month. Beginning with the February, 1943 compari-

sons, the data cover all building construction in all urban areas of the United States, which by Census definition, includes all cities and towns with population of 2,500 or more in 1940. The principal advantage of this change is that figures for every month will be comparable since estimates are made for any cities failing to report in a given month. As in the past, the value of contracts awarded by the Federal Government for building construction will be combined with information obtained from the building-permit reports. However, because of the volume of Federally financed construction at the present time, the contract value of such construction will also be shown separately each month.

"Principal centers of various types of building construction for which permits were issued or contracts were awarded in March, 1943, except projects which have been excluded because of their confidential nature were: Bridgeport, Conn., 52 one-family dwellings to cost \$235,000; Milford, Conn., 68 one-family dwellings to cost \$293,000; Camden, N. J., 73 one-family dwellings to cost \$286,000; Pennsauken Township, N. J., 74 units in two-family dwellings to cost \$235,000; Perth Amboy, N. J., 70 units in two-family dwellings to cost \$205,000; Philadelphia, Pa., 150 one-family dwellings to cost \$567,000 and three apartments providing 100 dwelling units to cost \$173,000; Bellwood, Ill., 49 one-family dwellings to cost \$249,000; Des Plaines, Ill., 44 one-family dwellings to cost \$220,000; Detroit, Mich., 328 one-family dwellings to cost \$1,774,000 and 62 units in two-family dwellings to cost \$271,000; Wayne, Mich., 62 one-family dwellings to cost \$244,000; Akron, Ohio, 104 one-family dwellings to cost \$398,000; Cleveland, Ohio, 55 one-family dwellings to cost \$268,000; Lakewood, Ohio, one apartment providing 45 dwelling units to cost \$190,000; Newark, Ohio, 15 apartments providing 60 dwelling units to cost \$195,000; Salina, Kans., 64 one-family dwellings to cost \$211,000; Wichita, Kans., 55 one-family dwellings to cost \$150,000, 180 units in two-family dwellings to cost \$334,000, and 24 apartments providing 94 dwelling units to cost \$204,000; Washington, D. C., 36 apartments providing 249 dwelling units to cost \$578,000; Marietta, Ga., 323 one-family dwellings to cost \$1,044,000; Savannah, Ga., 154 one-family dwellings to cost \$312,000; Baltimore, Md., 62 apartments providing 248 dwelling units to cost \$645,000, and six stores and mercantile buildings to cost \$106,000; Norfolk, Va., 67 one-family dwellings to cost \$201,000; Houston, Texas, two public works and utilities buildings to cost \$3,350,000; Marshall, Texas, 118 one-family dwellings to cost \$271,000; Orem, Utah, 121 one-family dwellings to cost \$408,000; Long Beach, Calif., 148 one-family dwellings to cost \$437,000 and 28 apartments providing 120 dwelling units to cost \$284,000; Los Angeles, Calif., 97 one-family dwellings to cost \$281,000, 30 units in two-family dwellings to cost \$120,000, 35 factories to cost \$396,000, and 15 public works and utilities buildings to cost \$237,000; Portland, Ore., 126 one-family dwellings to cost \$524,000; Seattle, Wash., 112 one-family dwellings to cost \$455,000; Spokane, Wash., 97 one-family dwellings to cost \$357,000, and Tacoma, Wash., 90 one-family dwellings to cost \$317,000.

"In addition, contracts were awarded during March, 1943 for the following Federally financed housing projects containing the indicated number of housekeeping units: Springfield, Mass., \$625,000 for 300 units; Burlington, N. J., \$255,000 for 100 units; Buffalo, N. Y., \$377,000 for 116 units; Pittsburgh, Pa., \$1,800,000 for 448 units; Pottstown, Pa., \$450,000 for 117 units; Detroit, Mich., \$897,000 for 350 units; Ecorse, Mich., \$406,000 for 150 units; Dayton, Ohio, \$268,000 for 100 units; Piqua, Ohio, \$459,000 for 180 units; Sidney, Ohio, \$306,000 for 100 units; Hastings, Neb., \$1,159,000 for 682 units; New Castle, Del., \$779,000 for 370 units; Wilmington, Del., \$349,000 for 148 units; Washington, D. C., \$376,000 for 106 units; Arlington County, Va., \$452,000 for 200 units; Norfolk, Va., \$564,000 for 224 units; South Norfolk, Va., \$732,000 for 400 units; Pascagoula, Miss., \$348,000 for 225 units; Winslow, Ariz., \$175,000 for 84 units; Las Vegas, Nev., \$325,000 for 164 units; Marysville, Calif., \$200,000 for 100 units; Upland, Calif., \$322,000 for 100 units; Anacortes, Wash., \$157,000 for 75 units; Everett, Wash., \$702,000 for 250 units; Pasco, Wash., \$430,000 for 200 units, and Spokane, Wash., \$1,801,000 for 912 units.

"Federal contracts were also awarded for dormitory accommodations for 556 persons at Bridgeport, Conn., to cost \$450,000, for 1,344 persons at Stratford, Conn., to cost \$1,028,000, for 70 persons at Winslow, Ariz., to cost \$55,000, and for 110 persons at Portland, Ore., to cost \$100,000."

## Bank Debits For Month Of April

The Board of Governors of the Federal Reserve System issued on May 11 its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS  
(In millions of dollars)

Federal Reserve District—	April		—3 Months Ended—	
	1943	1942	1943	1942
Boston	4,027	2,793	9,868	8,114
New York	29,267	17,657	75,130	52,289
Philadelphia	3,571	2,459	9,115	7,397
Cleveland	5,187	3,544	12,889	10,203
Richmond	2,511	1,967	6,806	5,727
Atlanta	2,061	1,604	5,825	4,796
Chicago	10,414	7,359	28,625	21,566
St. Louis	1,986	1,515	5,385	4,464
Minneapolis	1,299	922	3,337	2,573
Kansas City	2,181	1,497	6,186	4,423
Dallas	1,739	1,239	4,877	3,712
San Francisco	5,893	4,057	16,196	12,050
<b>Total, 274 centers</b>	<b>70,137</b>	<b>46,613</b>	<b>184,238</b>	<b>137,319</b>
*New York City	27,174	16,023	69,183	47,322
*140 other centers	37,533	26,451	100,245	77,758
*133 other centers	5,430	4,138	14,811	12,240

\*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.

## Record Steel Plate Output In April

Steel plate production in April reached an all-time high for a 30-day month as a result of increased rollings during the latter half of the month, H. G. Batcheller, Steel Division Director of the WPB, informed the Steel Industry Advisory Committee at its monthly meeting held on May 6.

Shipments for the month, the announcement said, totaled 1,121,647 tons, or just under the peak of 1,167,679 tons recorded in March, a 31-day period. Shipments in April, 1942, amounted to 895,971 tons.

Shipments by continuous strip mills, converted to production of steel plate, amounted to 535,548 tons in April, compared with 563,302 tons in March, and 337,519 tons in April of last year.



## President Hints Veto Of Pay-Go Measure Cancelling Full Year's Tax Payments

President Roosevelt informed Congress on May 17 that he could not "acquiesce in the elimination of a whole year's tax burden on the upper income groups during a war period" and in effect intimated that he will veto the modified Ruml plan tax bill which has been approved by the Senate.

The President, in identical letters to Senator George (Dem., Ga.), Chairman of the Senate Finance Committee, and Representative Doughton (Dem., N. C.), Chairman of the House Ways and Means Committee, contended that cancellation of a whole year's taxes "would result in a highly inequitable distribution of the cost of the war and in an unjust and discriminatory enrichment of thousands of taxpayers in the upper income groups."

Mr. Roosevelt reiterated his support of the pay-as-you-go principle and expressed hope "that a bill can be worked out in conference that I can sign."

The text of the President's letter follows:

"The revenue bills recently passed by the House and the Senate contain certain provisions putting taxpayers on a pay-as-you-go basis by means of collection at the source and current payment of the income tax. Needed relief is also given to millions of men and women in our armed forces.

"I am eager, as I am sure the whole country is eager, to see our taxes put on a pay-as-you-go basis at the earliest possible moment. Ever since 1941 the Treasury has consistently recommended provisions designed to this end. Such provisions would help hold the line against inflation.

"The Senate bill, however, provides for the cancellation of a whole year's taxes. This cancellation would result in a highly inequitable distribution of the cost of the war and in an unjust and discriminatory enrichment of thousands of taxpayers in the upper income groups. Such groups would be enriched by the cancellation of taxes already owing by them. The Senate bill would give to a man with an income of \$2,000 a year a cancellation of taxes equaling less than four weeks' income after taxes; a man with an income of \$100,000 would receive a cancellation equaling 20 months' income after taxes. The latter would have canceled more than all war tax increases since 1939, and would thus escape financial contribution to the war effort.

"The fact that the upper income groups may pay just as many dollars into the Treasury in 1943 on account of their liability for 1943 does not detract from their enrichment nor change the result that they would have permanently escaped tax on 1942 income.

"A program of the proportions necessary to finance the war and to curb inflation must inevitably reach far down into the income scale. Tax rates for taxpayers in the upper income groups are already so high that substantial additional taxation cannot be imposed upon these groups. The effect of the remission of taxes contained in the Senate bill would therefore be a transfer of a substantial part of the cost of the war from the upper income to the middle and lower income groups upon whom tax increases must be chiefly imposed. Others, including those now on the battle fronts, would later be obliged to shoulder the burden from which our most fortunate taxpayers have been relieved.

"The so-called anti-windfall provisions of the bill do not go to the heart of this basic inequity. Although they would reduce the total amount of forgiveness, the reduction would be made in an inequitable way. It would be made at the expense of people whose businesses have been dislocated by the war as much as it would be at the expense of those who have been enriched by war

profits. It would also be at the expense of many people whose incomes have increased since 1940 not because of the war, but because they have just arrived at their greatest earning capacity. Those who have always had large incomes get the greatest windfall and they are untouched by the anti-windfall provisions of the Senate bill.

"I am writing you now so that you may know my views and in the hope that a bill may be worked out in conference that I can sign. I have recommended pay-as-you-go taxation. I have not insisted upon any particular formula for transition to a pay-as-you-go basis. I believe that there should be substantial adjustments to ease the transition, but there are limits beyond which I cannot go. I cannot acquiesce in the elimination of a whole year's tax burden on the upper income groups during a war period when I must call for an increase in taxes and savings from the mass of our people."

## Result Of Treasury Bill Offerings

Secretary of the Treasury Morgenthau announced on May 17 that the tenders for \$900,000,000 of 92-day Treasury bills to be dated May 19 and to mature Aug. 19, 1943, which were offered on May 14, 1943, were opened at the Federal Reserve banks on May 17. The details of this issue are as follows:

Total applied for—\$1,565,710,000.

Total accepted—\$906,813,000 (including \$93,495,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.910. Equivalent rate of discount approximately 0.352% per annum.

Low—99.904. Equivalent rate of discount approximately 0.376% per annum.

Average price—99.905. Equivalent rate of discount approximately 0.373% per annum.

(36% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on May 19 in the amount of \$703,107,000.

As to the previous week's offering of \$900,000,000 of 92-day bills, dated May 12 and maturing Aug. 12, the Treasury disclosed the following results on May 10:

Total applied for—\$1,509,316,000.

Total accepted—\$906,987,000 (includes \$80,741,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.912. Equivalent rate of discount approximately 0.344% per annum.

Low—99.904. Equivalent rate of discount approximately 0.376% per annum.

Average price—99.905. Equivalent rate of discount approximately 0.372% per annum.

(29% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on May 12 in the amount of \$704,732,000.

With this offering of bills dated May 12, the Treasury introduced a change in procedure in bidding for the weekly issue in a move designed to distribute these securities more widely among smaller banks. Future weekly offerings until further notice will include a provision for receipt of tenders for \$100,000 or less from

any one bidder at a fixed price of 99.905 in addition to the conventional bidding on a competitive basis.

It was pointed out in Washington advices to the "Wall Street Journal" that behind the move is recognition of the fact that many smaller banks and other investors who have not been interested in competitive bidding for Treasury bills will submit tenders at a fixed price assuring them of a return of about 3/8ths of 1% on an annual basis.

In making known this week's offering of \$900,000,000 bills, the Treasury also stated that 92-day Treasury bills will be offered for the next 13 weeks with a view to bringing the payment date for the new issue on Thursdays instead of Wednesdays, thereby giving an additional day between the opening of tenders and the payment date.

The following regarding the previous week's offering of \$900,000,000 of 91-day bills, dated May 5 and to mature on Aug. 4, 1943, which were offered on April 30, was issued by the Treasury on May 3:

Total applied for—\$1,388,528,000

Total accepted—901,706,000

Range of accepted bids:

High—99.935 Equivalent rate of discount approximately 0.257% per annum.

Low—99.905 Equivalent rate of discount approximately 0.376% per annum.

Average price—99.906 Equivalent rate of discount approximately 0.373% per annum.

(49% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on May 3 in the amount of \$701,811,000.

## Middle West Oil Refineries On Quota Basis

Petroleum Administrator for War Harold L. Ickes has acted to meet a developing crude oil shortage in the Middle West by placing all refinery operations in that area (District Two) on quota basis, it was announced on May 14.

The action is expected to halt a progressive decline in crude oil inventories and to assure war refineries of the minimum amounts of crude they need to produce the maximum quantity of petroleum war products, including 100-octane aviation gasoline.

It is estimated that on the basis of these quotas all refineries now operating can operate at a level of at least 80% of the normal rate of the 18-month period, July 1, 1941-Dec. 31, 1942, and war plants which require more than 80% of the normal rate to maintain maximum production of war products can receive additional crude necessary to maintain such maximum production, Mr. Ickes stated.

The decision to allocate specific amounts of crude to individual refineries was prompted by the fact that District Two refineries are processing from 30,000 to 50,000 barrels more crude per day than can be supplied by local production plus imports from other districts, the Petroleum Administrator said.

"The result has been a progressive decline of crude oil inventories to the lowest level in recent years," he stated. "Furthermore, indications are that unless this decline is halted the rate of withdrawal from inventories may double within the next 12 months.

"We are forced to the expedient of restricting crude runs in the Middle West, largely by reason of the fact that the State of Illinois no longer is able to produce that quantity of raw petroleum that it would otherwise have been able to supply had its once prolific oil fields been developed in accordance with sound conservation principles."

## Welles Says Rejection Of Trade Pacts Would Be 'Heavy Blow' At World Hopes For Lasting Peace

Under-Secretary of State Sumner Welles declared earlier this month that repudiation of the Trade Agreements Act in Congress would strike "a heavy blow" at hopes for an everlasting end to war.

Speaking at a forum on peace problems at Toledo, Ohio, Mr. Welles said:

"If the United States repudiates the Trade Agreements Act, either outright or by crippling amendments, if it thus repudiates the idea of economic non-aggression, it will have destroyed the stuff of which peace is made, it will have struck a heavy blow at the hopes of mankind for ridding this world of the scourge of war and for creating a just, a workable and a lasting peace."

In Associated Press accounts from Toledo, Mr. Welles' address was reported as follows:

The Under Secretary, referring to what he called "the amazing allegation" that the trade agreements program "had the effect of encircling Germany," said in his prepared address:

"Far from restricting or encircling Germany, the trade agreements program by its very philosophy and techniques opened new vistas of a legitimate and peaceful economic 'lebensraum' for Germany if Hitler had chosen to make that country one of the family of nations which were honestly seeking to remedy past mistakes and safeguard peace."

He added that it would be "unfortunate and might even prove tragic if thoughtless people should confuse or becloud this issue."

Mr. Welles termed "economic non-aggression pacts" the reciprocal trade treaties with 27 countries.

"If our country repudiates the doctrine of economic non-aggression," he declared, "every other country will repudiate it and we will drift back into the conditions of trade warfare which brought all countries to the verge of ruin in the early '30s, into conditions

under which international cooperation cannot survive."

"The facts are that Hitler had drawn his blueprints of aggression long before the Trade Agreements Act began to operate," Mr. Welles said, recalling that Hitler had renounced the principle of most-favored-nation treatment and embarked on a system of bilateral trade "based on barter, 'blocked' and 'compensation' marks and political pressure."

"Admittedly the United States had by its increased tariffs helped to create conditions in Germany and elsewhere which led to the more ready acceptance of Hitler and his gang of criminal racketeers who termed themselves the Government of Germany," Mr. Welles said. "But our trade agreements program was an implicit recognition of our former shortsightedness and evidenced an honest desire to re-establish greater opportunity in foreign trade for all nations, including Germany."

"Our trade agreements with European countries, instead of encircling Germany, may have helped to some extent to ease the situation of some countries toward which Hitler directed his economic and political aggression. They may have helped to prevent some from falling completely within the German orbit. They may in some degree have helped to prevent Hitler from drawing within his own encircling power some of the countries that he hoped to absorb."

## Private Enterprise Will Flourish Under Planned Economy, Says Baumhoger

W. G. Baumhoger, President of United Cigar-Whelan Stores Corp., speaking on May 10, at a war council of the Associated Chain Drug Stores at the Waldorf-Astoria, said that retailers should prepare for a "long period of planned economy" after the war by organizing now in groups powerful enough to demand a voice in the reconstruction program, according to the New York "Herald Tribune" of May 10, which went on to say:

Mr. Baumhoger expressed the opinion that private enterprise will "flourish" under the "right kind of a planned economy," but that neither the New Deal nor industry by themselves would be able to do the job.

He likened the nation's economy to that of a great chain store system in which the operations are planned by and for those working for the firm, and to which they contribute their ideas and suggestions.

"Perhaps the Government can be persuaded to adopt a similar policy," he remarked.

The operation of the economy can't be left to the executive branch of Government or to Congress alone, he continued, but these, in collaboration with industry, labor and agriculture, must work together to perfect a balanced planning policy. He suggested that this group be called the "Council of the Nation."

If retailing wants to have a voice in this council, Mr. Baumhoger asserted, it will have to be organized so strongly that it can demand representation.

"I don't believe in a totalitarian economy or one planned wholly by bureaucrats," he declared. "If retailing is represented on the council it may be the potent and constructive factor it should be in planning the post-war economy."

Conceding that the New Deal "might have saved the country from a fate worse than the New Deal itself," Mr. Baumhoger said that, nevertheless, it had failed in

its purpose of giving full employment. "Under the right kind of a planned economy," he contended, "this nation will have the highest standing of living it ever has had."

## Coal Strike Truce Extended To May 31

John L. Lewis, President of the United Mine Workers of America, on May 17 sent Harold L. Ickes, Solid Fuels Administrator, a telegram advising him that the membership of the W. M. W. of A. will continue at work under the existing retroactive extension agreement until midnight, May 31. Thus a second general work stoppage by the nation's coal miners at midnight, May 18, the deadline of the first 15-day truce, was averted.

Mr. Ickes, in his telegram, also further stated in part as follows:

"As I told you at our conference on Sunday, May 2, the President's executive order does not give me the power to negotiate a contract with the United Mine Workers, nor do I have the power to institute collective bargaining conferences between the mine workers and the owners of the mines. In addition, as I have said from the very beginning, any contract must have the approval of the War Labor Board."

For further reference on this situation, see the May 6th issue of the "Commercial and Financial Chronicle."



## Uncertainty Of Govt. Attitude To Private Enterprise Drawback To Post-War Prosperity

(Continued from first page)

viduals free to carve out their own future through jobs, freedom and opportunity under the American formula of free enterprise, or fruitless employment, economic 'equality' and minimum security under State socialism. . . .

"Freedom for enterprise promises more than jobs. It offers freedom to live our lives in peace; freedom from unnecessary Government regulations of our daily comings and goings. It holds out a vision of opportunity to move ever upward to new and higher standards of living for America."

"That is the spirit that built America!"

"It can be the sure foundation for a happier and better world afterward."

In the course of his remarks Mr. Crawford observed that "instead of industrialists urging the Government to plan buttressing the private enterprise system by a huge spending program, we would be better advised to help Government to build a program to support and encourage private enterprise so there won't have to be unnecessary Government spending." He went on to say:

"There is only one way to reach a better post-war world. Unless we make the most efficient use of our national and human resources, through private enterprise, with its encouragement to the individual to exert his utmost in production, we cannot expect a better peacetime economy."

"How different an outlook now exists."

"Management hears the President say: 'The camps and industrial plants ought to be put to good use in the post-war era, perhaps by requiring that the youth of America give one year's service to their country.' If Government is to operate these plants as a training ground for youth, what will they make, we wonder, and will they compete with private enterprise and private labor?"

"Government planners, we are told, have still other post-war plans for the \$15,000,000,000 worth of Government-owned war plants."

"It has been proposed officially that we have a new type of dual interest corporation—half-private, half-Government. It isn't hard to guess who will be the senior partner in such a hybrid set-up."

"There are proposals to put Government and labor representatives on corporation boards of directors. There are proposals for joint labor-management operation of industry, and, in fact, every effort has been made to superimpose this as a war measure."

"Talks of 'guaranteed jobs' and huge spending programs by Government shake confidence in a good future."

Incident to his remarks as to the drawback to prosperity in the post-war era engendered by the uncertainty of the Government's attitude toward private enterprise, Mr. Crawford took occasion to state that "Prime Minister Churchill inspired British confidence in the post-war outlook by publicly rejecting any thought of a complete peacetime overhauling of English economy." He quoted Mr. Churchill as saying recently:

"We must beware of trying to build a society in which nobody counts for anything except the politicians and the officials, a society where enterprise gains no reward and thrift no privilege. . . . Of all the races in the world our people would be the last to consent to be governed by a bureaucracy. Freedom is in their blood."

Continuing, Mr. Crawford said: "How reassuring and stabilizing that must be to Englishmen to know that the government heads are not planning an upset in the concept of their basic economy."

"We need a Churchill-like statement from our Chief Executive, a statement of the bedrock on which we intend to build the future. No other one thing would contribute so much at this time to sound planning for the post-war America."

"Upon such a foundation, Government and industry could plan:

"1. Policies for the utmost encouragement of a free and steady flow of capital into job-making enterprise."

"2. Formulation of tax laws which will permit rewards for successful production and distribution, making private investment worth while."

"3. A stabilized currency at home, and so far as is possible, a stabilized currency relationship with other countries."

"4. A credit system which will provide adequate funds for working capital and expansion, but which will not go so far as to encourage a speculative boom."

"5. The formulation of a national labor relations policy which will restore industrial harmony and increase production."

"6. Avoidance in management and Government policies of rigidity in wages and prices, and avoidance of rigidity between them."

"7. A reappraisal of the relationship of Government and industry to eliminate unnecessary controls and regulations."

"We recognize that unless there is concluded a type of world peace in which a sound economy can exist and the whole international picture is conducive to the existence of our ideals, the seven steps outlined cannot of themselves do the job of domestic rehabilitation."

"Now, I am not passing the economic buck to Government. Post-

war plenty is going to come not only out of national teamwork but out of the realization of every group and every citizen that they must not await some super plan to glory, but that every interest and individual must accept responsibility for their own planning, as well as helping our Government."

"Management cannot sit idly by and dare Government or anyone else to prepare the 'primrose path.' The National Association of Manufacturers and the United States Chamber of Commerce and the Committee for Economic Development are each working on definite post-war suggestions. But this is not enough. Every industrial organization in this country should be doing some post-war thinking."

"Without attempting even to suggest what these programs might be, I want to list what I believe management's obligations to be:

"1. Keep enterprise free and competitive, avoiding all forms of monopoly and price-fixing."

"Eternally try to make better goods cheaper—this is the fundamental key to the success of the system."

"3. Every business should have a peacetime plan for its own company—new products, new markets and new jobs."

"4. Managers of enterprise should work hand and glove with Government to bring about a better post-war world—not just criticize."

"Business leaders should exert the utmost in business statesmanship, to avoid basic disunity in making recommendations to Government."

"In addition to these suggestions, management should make sure that it is planning the proper post-war products, that it is planning better products and that it is taking advantage of present opportunities to survey potential foreign and domestic markets and distribution methods."

## Americanism Stands For Freedom, Welfare, And Brotherhood Of World's Plain People

(Continued from first page)

Azteca, Mayan, Tarascan, or any other Indian tongue—whichever they speak, they are all good Americans, too. Many of them have a longer and prouder lineage than you or I."

"But all true Americans know that the hope and glory of America is in the future and not in the past. We can all look hopefully to the day when the American of the future will apply the Four Freedoms to bring about complete productivity of labor in terms of better living conditions. In the lands to the south, this means drainage of swamps, production of cheap quinine and the building of roads, airports and hospitals. If such projects are carried out, the Latin-American child of the year 2,000 need have no fear of malaria or hookworm or the under-nutrition which produces tuberculosis. Americans were meant to be free from disease and hunger. This is one of the main jobs of the post-war period. We can do that job if we look upward and outward toward the future and put our backs into the hard, practical work which lies ahead."

"And all true Americans know that, in that future, New World and Old World cannot live apart from each other. The airplane and the radio have indubitably made them one."

"Since the epoch-making voyage of Columbus, currents of culture and of immigration have flowed from the Old World to the New. In both North and South America, whether we now speak English or French or Spanish or Portuguese, we are the blending of many national and racial streams. Our ideas and ideals have come originally from the Old World, which has been the

fountainhead of our population."

"Now, here in this hemisphere, these various national streams are producing a new race, with a new culture and new ideas and ideals. The Latin, Slavic, Teutonic and Semitic people have come here and contributed to these ideals and this culture. In this war, the young men of the New World are making their contribution to the cause of humanity in the whole world. They are giving their splendid health and energy, and even their lives, in that cause."

"Today we say with pride and humility that we are Americans, knowing in our hearts that Americanism in its deepest meaning stands for the freedom and the welfare and the brotherhood of the plain people of the world, wherever they may be."

## US Plane Output Tops Rest Of World: FDR

President Roosevelt said on May 11 that United States plane production now surpasses the rest of the world combined and there has been a marked shift to heavy bombers, long-range fighters and cargo aircraft to help implement the Allies transition to the offensive.

Reporting his remarks, United Press Washington advised:

"Asserting at a press conference that unit production figures do not afford a true picture of the extent of U. S. output, he cited production totals in poundage to illustrate the nation's ascendancy in this field."

"Output this year is expected to

## Preserve Free Enterprise, Byrd Urges; Decries Administration Extravagance, Ineptitude

(Continued from first page)

alized and operated by the Government."

"As he himself expressed it: 'We now have a new employer—the Government of America, which has a good labor record.' If John Lewis can bring about a situation for the nationalizing and operation of the coal mines by the Government, he can then mobilize his voting strength and can probably secure greater concessions from the Government than from private industry. If losses then occur in the operation of the mines the National Treasury will pay the bill."

"The future control of inflation is linked inseparably with the ultimate decision in the Lewis case. Any compromise or surrender to Lewis will render the control of inflation much more difficult, if not impossible. It will mean a wholesale demand for increased wages and will result in increasing the cost of living. Another spiral of inflation will then start which may have the consequences of a national disaster."

"A surrender or compromise of any vital principle by the United States Government to John L. Lewis would be a declaration to the world that America is unable to control its internal affairs at a time of the greatest peril this nation has ever faced. It would encourage Hitler and the Japs, who would believe that after all America does not have the intestinal fortitude and the fighting spirit at home to support American boys who are fighting so bravely abroad. It would prove that John L. Lewis is more powerful than the Government of the United States."

"No nation can win a bitter and terrible war if it permits any citizen, in a vital matter affecting defense production, to place his own selfish interests and the interests of his followers ahead of the vital needs of his country. Any compromise of any nature whatsoever in this controversy will have very damaging consequences to the full utilization of our most effective war effort."

"Twice in two years John Lewis has won victories over his Government and gained all of his demands. In this day of the most desperate peril this country has ever faced, will he win a third victory?"

"John L. Lewis is my constituent and has many coal miners in my State. Perhaps I should speak

total 911,000,000 pounds, he said, while estimates for 1944 range as high as 1,417,000,000 pounds. These figures compare with 1942 production of 291,000,000 pounds of aircraft, and 1941 production of 87,000,000 pounds."

"A great increase has occurred also, Mrs. Roosevelt said, in the number of planes being delivered. He believed the unit output in the United States, like the poundage production, now exceeds that of all other countries."

"The President emphasized that the striking increase in tonnage production reflected the switch from defensive fighters and light bombers to heavy bombers, long-range fighters and big cargo planes, with the thought of going more and more on the offensive."

"An illustration of the stepped-up pace on heavier types, he said the four-engined bomber program is running about six months ahead of schedule."

"Mr. Roosevelt believed tonnage a better future measuring rod of U. S. plane output because the work on each plane and the average weight has been increased substantially during the war."

softly of him, but his attitude toward the Government today is the greatest menace that exists on our home front."

In attacking the Roosevelt Administration bureaucracy, Senator Byrd expressed the opinion that many of the influential New Dealers sought complete regimentation of the American people and government by executive directive instead of government by Congress."

"To support this I need only to call attention to this vast bureaucracy which has been built up in Washington, which has tentacles in every nook and corner of America," he said. "This regimentation has become so involved in red tape and inefficiency as to constitute one of the major obstacles to the early winning of the war."

Senator Byrd characterized the reports required by the many questionnaires as "fantastic." The Office of Price Administration, he said, has issued instructions, regulations and interpretations in five volumes, comprising by actual count 11,000,000 words, and has issued nearly 3,000 questionnaires."

"One large manufacturer stated that it cost his organization \$500,000 a year to prepare these reports," Senator Byrd added. "It is, indeed, bureaucracy gone mad."

Senator Byrd said he had asked himself many times why the cost of this war, with \$220,000,000,000 already appropriated and \$108,000,000,000 more requested, was so great when the first World War cost \$40,000,000,000. He said the answer was that when the New Deal took charge of the Government nearly 10 years ago it adopted as a settled policy the spending of public money on the assumption that money borrowed and spent was a means to promote prosperity."

"For 10 years we indulged in the costly experiment of spending for spending's sake," he continued, "of borrowing colossal sums to be spent without regard to benefits or services received, all of this to increase the purchasing power of the public by spending borrowed money, to lift ourselves by our bootstraps. It has failed as any such program has failed since the beginning of time."

Points in Senator Byrd's seven-point program for the preservation of the free enterprise system after the war follow:

1. Provision of employment for returning soldiers and reasonably constant employment for 40,000,000 workers."

2. Reduction of every non-essential Government expenditure to keep down the public debt, which he estimated would reach \$300,000,000,000 before the budget could be balanced again, a debt more than twice the assessed value of all the property in America and 75% of the country's intrinsic wealth."

3. Liquidation of the vast amount of property owned or controlled by means of loans, estimated by the Senator at a value of \$60,000,000,000."

4. Removal of the Government from private business and the turning back to private owners of mines and industries seized on account of labor difficulties."

5. Dismantling of the vast bureaucracy of more than 3,000,000 civilians, more than three times as many as in the last World War."

6. Preparation immediately after the war for a balanced Federal budget."

7. Simplification of the tax system so that the great burden of taxation this country must pay in the years to come may be collected on a basis of scientific justice and accuracy."



## 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)

(Based on Average Yields)									
1943— Daily Averages	U. S. Govt. Bonds	Avg. Corpo- rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 18	119.34	110.15	118.40	115.63	110.70	97.47	101.97	113.12	116.02
17	119.28	110.15	118.20	115.63	110.70	97.47	101.80	113.12	116.02
15	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	116.02
14	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
13	119.33	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
12	119.26	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
11	119.13	109.97	118.20	115.43	110.52	97.47	101.64	113.12	115.82
10	119.06	109.97	118.00	115.43	110.52	97.47	101.64	112.93	116.02
8	119.06	109.97	118.00	115.43	110.52	97.31	101.64	112.93	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
6	118.95	109.97	118.00	115.63	110.52	97.31	101.64	112.93	115.82
5	118.54	109.97	118.00	115.63	110.52	97.31	101.64	112.93	115.82
4	118.37	109.97	118.20	115.43	110.52	97.16	101.47	112.93	115.82
3	118.34	109.79	118.00	115.43	110.52	97.16	101.47	113.12	115.82
1	118.34	109.79	118.00	115.43	110.52	97.00	101.31	113.12	115.63
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
9	117.48	109.60	117.80	115.43	110.52	96.69	100.98	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
19	116.86	109.42	117.60	115.43	110.52	95.92	100.32	113.12	115.63
12	116.87	109.24	117.60	115.43	110.34	95.77	100.16	112.93	115.43
5	116.97	109.42	117.80	115.43	110.34	95.77	100.16	113.12	115.43
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
19	117.11	109.06	117.60	115.24	110.15	95.01	99.68	112.93	115.43
11	117.13	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.43
5	117.09	108.88	117.60	115.04	109.97	94.71	99.04	112.75	115.63
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943—	119.34	110.15	118.40	115.63	110.70	97.47	101.80	113.31	116.02
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									
May 18, 1942—	117.88	106.56	116.02	113.12	107.62	92.06	96.54	110.88	113.50
2 Years ago									
May 17, 1941—	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.70	112.75



## Daily Average Crude Oil Production For Week Ended May 8, 1943 Increased 101,350 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 8, 1943 was 4,020,500 barrels, a gain of 101,350 barrels per day over the preceding week, and 476,150 barrels per day more than in the corresponding week last year. The current figure, however, was 276,900 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of May, 1943. Daily output for the four weeks ended May 8, 1943 averaged 3,941,150 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 3,755,000 barrels of crude oil daily and produced 10,581,000 barrels of gasoline; 3,795,000 barrels of distillate fuel oil, and 7,853,000 barrels of residual fuel oil during the week ended May 8, 1943; and had in storage at the end of that week 88,166,000 barrels of gasoline; 31,663,000 barrels of distillate fuels, and 67,577,000 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 May	*State Allowables Begin May 1	Actual Production Week Ended May 8, 1943	Change from Previous Week	4 Weeks Ended May 8, 1943	Week Ended May 9, 1942
Oklahoma	379,000	379,000	1,346,950	+ 4,600	342,650	398,950
Kansas	309,700	309,700	1,293,050	+ 23,200	309,600	242,950
Nebraska	2,400		12,200	— 50	2,200	3,750
Panhandle Texas			1,100	+ 100	11,000	82,200
North Texas			131,900	+ 3,050	134,200	144,900
West Texas			226,750	+ 12,300	217,500	186,200
East Central Texas			124,300	+ 24,600	105,850	79,250
East Texas			339,300	+ 19,500	324,700	225,900
Southwest Texas			214,000	+ 25,500	194,850	127,450
Coastal Texas			375,200	+ 34,450	349,350	229,950
Total Texas	1,622,000	1,584,637	1,502,550	+ 113,400	1,417,450	1,075,850
North Louisiana			87,000	+ 1,950	88,150	81,750
Coastal Louisiana			259,500	+ 1,600	258,300	229,300
Total Louisiana	359,300	377,000	346,500	+ 350	346,450	311,050
Arkansas	73,000	75,043	71,850	— 650	72,050	71,100
Mississippi	50,000		54,550	+ 1,250	55,200	89,900
Illinois	250,800		236,150	+ 5,300	228,300	314,700
Indiana	16,000		15,250	+ 1,200	13,950	23,550
Eastern (not incl. Ill. Ind., Ky.)	92,200		74,050	— 9,800	77,600	85,700
Kentucky	23,500		23,150	+ 1,600	21,800	11,200
Michigan	62,100		60,400	+ 1,800	58,900	64,100
Wyoming	97,000		94,500	+ 1,550	93,000	94,500
Montana	24,600		20,500	+ 250	20,300	21,700
Colorado	7,400		6,650	+ 200	6,700	6,800
New Mexico	105,700	105,700	97,200	+ 50	97,200	70,750
Total East of Calif.	3,474,700		3,245,500	+ 94,250	3,163,350	2,886,550
California	822,770	822,700	775,000	+ 7,100	777,800	657,800
Total United States	4,297,470		4,020,500	+ 101,350	3,941,150	3,544,350

\*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline prorations. 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 February, 1943, as follows: Oklahoma, 29,200; Kansas, 6,300; Texas, 103,100; Louisiana, 20,400; Arkansas, 2,800; Illinois, 10,800; Eastern (not including Illinois, Indiana or Kentucky), 10,000; Kentucky, 3,300; Michigan, 100; Wyoming, 2,300; Montana, 300; New Mexico, 5,500; California, 43,000.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. May 6. This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 16 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 to 10 days shut-down time during the calendar month.

‡Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILL; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 8, 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—

#### Gasoline Production

District	Daily Refining Capacity	Crude Runs to Still	% Refined	Crude % Refined	Gasoline % Refined	Stocks of Gasoline	Stocks of Gas Oil	Stocks of Residual Fuel Oil
Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana—Arkansas and Inland Texas	2,444	88.7	1,718	70.3	4,771	36,560	13,229	10,557
Appalachian	177	84.8	152	85.9	425	2,446	809	451
Ind., Ill., Ky.	824	85.2	762	92.5	2,417	19,098	3,930	3,100
Okl., Kans., Mo.	416	80.1	345	82.9	1,074	6,694	1,632	1,498
Rocky Mountain	147	48.0	80	54.4	252	2,005	334	521
California	817	89.9	698	85.4	1,642	21,363	11,729	51,450
Tot. U. S. B. of M. basis May 8, 1943	4,825	86.2	3,755	77.8	10,581	88,166	31,663	67,577
Tot. U. S. B. of M. basis May 1, 1943	4,825	86.2	3,849	79.8	10,977	90,029	31,202	66,991
U. S. Bur. of Mines basis May 9, 1942			3,400		10,737	100,780	29,110	79,593

\*At the request of the Petroleum Administration for War. †Finished, 77,506,000 barrels; unfinished, 10,660,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 3,795,000 barrels of gas oil and distillate fuel oil and 7,853,000 barrels of residual fuel oil produced in the week ended May 8, 1943, which compares with 3,629,000 barrels and 8,314,000 barrels, respectively, in the preceding week and 3,034,000 barrels and 6,993,000 barrels, respectively, in the corresponding week last year. ¶Revised upward in Combined Area (not East Coast) due to inclusion of 411,000 barrels of certain pipe line stocks now being reported for the first time.

general decline in farm products as the prices of industrial commodities remained the same as in the preceding week. Cotton, grains and livestock quotations were lower—10 important items declined while only one advanced, the net result being a substantial drop in the farm product price average. Indexes representing the prices of textiles and fertilizer materials were also lower. Lead by an increase in eggs and edible oils, the food index advanced to a new high point.

During the week 11 price series included in the index declined and only two advanced; in the preceding week seven declined and six advanced, and in the second preceding week there were eight declines and 11 advances.

### WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association  
1935-1939=100\*

% Each Group Bears to Total Index	Group	Latest Week May 15 1943	Preceding Week May 8 1943	Month Ago Apr. 10 1943	Year Ago May 16 1942
25.3	Foods	140.0	139.9	139.1	125.3
	Fats and Oils	147.9	147.8	147.7	139.1
	Cottonseed Oil	159.0	159.0	159.0	163.0
23.0	Farm Products	152.1	153.7	155.6	138.1
	Cotton	199.5	200.9	202.8	191.4
	Grains	140.8	142.8	139.8	117.2
	Livestock	146.9	148.5	152.2	133.0
17.3	Fuels	122.8	122.8	122.2	119.5
10.8	Miscellaneous commodities	130.1	130.1	130.4	128.1
8.2	Textiles	150.7	151.3	151.7	149.5
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.2	152.2	152.3	151.8
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.9	117.9	118.7
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	135.4	135.8	136.0	128.1

\*Indexes on 1926-1928 base were May 15, 1943, 105.5; May 8, 105.8; May 16, 1942, 99.8.

## Electric Output For Week Ended May 15, 1943 Shows 18.2% 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 May 15, 1943, was approximately 3,969,161,000 kwh., compared with 3,356,921,000 kwh. in the corresponding week last year, an increase of 18.2%. The output for the week ended May 8, 1943, was 16.0% in excess of the similar period of 1942.

### PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	May 15 1943	May 8 1943	May 1 1943	April 24 1943
New England	9.9	8.1	8.1	9.5
Middle Atlantic	16.7	13.3	13.0	16.7
Central Industrial	16.3	14.0	14.3	17.3
West Central	14.2	12.3	12.9	14.4
Southern States	17.1	14.4	19.5	24.9
Rocky Mountain	17.7	17.0	15.0	13.9
Pacific Coast	32.9	32.9	32.4	32.6
Total United States	18.2	16.0	17.0	19.9

### DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change over 1942	1941	1932	1929
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	3,948,749	3,423,589	+ 15.3	2,985,585	1,512,158	1,699,250
Feb 27	3,892,796	3,409,907	+ 14.2	2,993,253	1,519,679	1,706,719
Mar 6	3,946,630	3,392,121	+ 16.3	3,004,639	1,538,452	1,702,570
Mar 13	3,944,679	3,357,444	+ 17.5	2,993,591	1,537,747	1,687,229
Mar 20	3,946,836	3,357,032	+ 17.6	2,993,048	1,514,553	1,683,262
Mar 27	3,928,170	3,345,502	+ 17.4	2,975,407	1,480,208	1,679,589
Apr 3	3,889,858	3,348,608	+ 16.2	2,959,646	1,465,076	1,633,291
Apr 10	3,882,467	3,320,658	+ 16.9	2,905,581	1,480,738	1,696,543
Apr 17	3,916,794	3,307,700	+ 18.4	2,897,307	1,469,810	1,709,331
Apr 24	3,925,175	3,273,190	+ 19.9	2,950,448	1,454,505	1,699,822
May 1	3,866,721	3,304,602	+ 17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+ 16.0	3,003,921	1,436,928	1,698,942
May 15	3,969,161	3,356,921	+ 18.2	3,011,345	1,435,731	1,704,426
May 22		3,379,985		3,040,029	1,425,151	1,705,460
May 29		3,322,651		2,954,647	1,381,452	1,615,085

## Steel Operations Lower—Supply Situation Static Under CMP Control—New Buying Light

"The widely heralded reduction in new war plant construction and machine tool output will not relieve the tight situation in steel supplies to any great extent, for the slack will be absorbed speedily by the need to keep the total war program up to schedule," states "The Iron Age" in its issue of today (May 20), which further goes on to say:

"At most, the steel industry expects only a slight and very temporary easing of the pressure in perhaps a few departments, while in other major products the industry's flexibility and its capacity to break records probably will be tested to the limit. The use of United States materials and men so far in the war may prove to be only a fraction of the total needed for complete victory. Whether the announced review of new construction will succeed in cutting off more than 'paper' plants is doubted by some officials at Washington, who point to the needed expansion in aluminum and magnesium, 100-octane gasoline, synthetic rubber, steel, and in vessel construction will prevent any substantial reduction. The review of projects may only result in taking some of the 'water' out of construction requirements.

"Third-quarter lend-lease steel shipments are expected to show a sharp rise. Domestic orders for rails and other supplies have

picked up recently, according to some sellers. Also reflected in recent bookings by steel mills is the all-steel river barge project. Subject to change, it looks as though the third-quarter tin plate production will run about 700,000 tons. July has been tentatively set up for 235,000 tons. August will run about the same and September may be about 230,000 tons. The second-quarter set-up was 685,700 tons.

"Over the nation, the steel expansion program probably will not proceed fast enough to reach the 1943 goal of 96,000,000 to 97,000,000 net tons of capacity this year, but existing equipment may be so exploited that total steel capacity at the end of this year will run close to 94,000,000 or 95,000,000 tons. A combination of new capacity plus the re-rating upwards of old capacity may be the cause of the predicted figure.

"Tension throughout the steel industry has been eased by the new truce in the soft coal wage

dispute, but the industry remains aware of the fact that the threat of a shut-down hasn't been removed entirely. Actually, some producers of steel have lost ground since May 1 in their efforts to maintain coal stocks.

"Recommendations made by steel executives regarding revision of the 48-hour per week order (which will be modified) have been referred to a subcommittee of the War Manpower Commission for consideration."

The American Iron and Steel Institute on May 17 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 98.6% of capacity for the week beginning May 17, compared with 99.4% one week ago, 99.1% one month ago and 99.2% one year ago. This represents a decrease of 0.8 point or 0.8% from the preceding week. The operating rate for the week ended May 17 is equivalent to 1,707,400 tons of steel ingots and castings, compared to 1,721,300 tons one week ago, 1,716,100 tons one month ago, and 1,685,000 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on May 17, stated in part as follows: "Little change is apparent in the general steel and iron situation, production being held at the highest practicable level in view of necessity for furnace repair, which is increasing as equipment is driven at top speed.

"Cut in iron ore quota following the late season opening is not expected to hamper output greatly. Although up to this time ore shipments are about 7,000,000 tons less than at the corresponding date last year, reserves at furnaces and Lake Erie docks are equal to last year's. Several factors may cut this tonnage loss as the season advances.

"Controlled Materials Plan, now in almost complete control of the situation, is working well and essential needs are being met under its provisions.

"Principal stringency now is centered in bars and hotrolled sheets. Large rounds and flats in bars are well covered into September, with that month practically sold out by some producers. In smaller sections bars can be obtained for July delivery in some instances. Hot-rolled alloy bars are available to some extent for August delivery, with heat-treated bars difficult to obtain for September shipment. Some makers have nothing to offer before fourth quarter.

"Some sheetmakers are out of the market for third quarter on hot-rolled sheets. Others are able to take some business for July and August shipment. Galvanized sheets are available for July delivery by some mills. The sheet situation is causing some shifts in supply sources as customers find their usual suppliers unable to serve them.

"Proof of the high rate of steel production is found in the American Iron and Steel Institute's report of steel ingot and castings production in April, which set a new high for a 30-day month with 7,374,154 net tons. The previous high for a short month was made in November, 1942, with 7,179,812 tons. With one less day, April failed to reach the March output of 7,670,187 tons. Facilities were engaged in April at 99.3% of rated capacity.

"Removal of the 6% freight surcharge May 15 has made slight changes in delivered prices of steel and iron products. The surcharge has been suspended until the end of the year and in the meantime the Interstate Commerce Commission is making a study of rates which may result in extension of the date or in dropping the charge altogether if it develops the carriers do not need the added revenue."

## National Fertilizer Association Decline In Commodity Price Average

The general level of wholesale commodity prices was generally lower last week, according to the price index compiled by the National Fertilizer Association and made public on May 13. In the week ended May 15 this index declined to 135.4 from 135.8 in the preceding week. It was 136.0 a month ago and 128.1 a year ago, based on the 1935-39 average as 100. Since the first of January there has been a 2.3% increase in the index. The Association's report continued as follows:

The drop in the all-commodity index was principally due to a



## 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 May 8 is estimated at 10,200,000 net tons, an increase of 630,000 tons, or 6.6% over the preceding week. Output in the corresponding week of 1942 amounted to 11,271,000 tons. For the current year to May 8, production of soft coal was 5.1% in excess of that for the same period in 1942.

The U. S. Bureau of Mines estimated that the output of Pennsylvania anthracite for the week ended May 8 was 1,056,000 tons, an increase of 54,000 tons, or 5.4% over the preceding week. When compared with the production in the corresponding week of 1942, however, there was a decrease of 210,000 tons, or 16.6%.

The U. S. Bureau of Mines also reported that the estimated output of byproduct coke in the United States for the week ended May 8 showed a decrease of 6,600 tons when compared with the production for the week ended May 1. The quantity of coke from beehive ovens decreased 13,400 tons during the same period.

### ESTIMATED UNITED STATES PRODUCTION OF COAL

	In Net Tons (000 omitted)			January 1 to Date		
	May 8	May 1	May 9	May 8	May 9	May 8
Bituminous coal and lignite—	1943	1943	1942	1943	1942	1937
Total, incl. mine fuel—	10,200	9,570	11,271	214,145	203,741	169,764
Daily average—	1,700	1,595	1,879	1,974	1,866	1,570

\*Subject to current adjustment.

### ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

	In Net Tons			Calendar Year to Date		
	May 8	May 1	May 9	May 8	May 9	May 11
Penn. anthracite—	1943	1943	1942	1943	1942	1929
*Total, incl. colliery fuel—	1,056,000	1,002,000	1,266,000	21,996,000	21,109,000	26,698,000
†Commercial production—	1,014,000	962,000	1,215,000	21,116,000	20,265,000	24,776,000
Beehive coke—						
United States total—	134,500	147,900	151,300	2,896,400	2,872,200	2,286,600
By-product coke—						
United States total—	1,205,900	1,212,500	1,186,900	22,301,400	21,631,500	†

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

### ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(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					April
	May 1	Apr. 24	May 2	May 3	May 1	
Alabama—	1943	1943	1942	1941	1937	11923
Alaska—	178	376	372	59	26	412
Arkansas and Oklahoma—	6	6	5	5	3	**
Colorado—	75	78	60	9	13	70
Georgia and North Carolina—	137	135	116	99	90	184
Illinois—	1	1	††	††	††	**
Indiana—	1,350	1,469	1,168	374	573	1,471
Iowa—	421	538	443	289	209	514
Kansas and Missouri—	49	55	47	41	22	100
Kentucky—Eastern—	166	163	140	109	63	138
Kentucky—Western—	693	900	974	247	832	620
Maryland—	278	285	208	349	158	188
Michigan—	31	38	44	9	15	52
Montana (bituminous and lignite)—	6	8	3	4	2	22
New Mexico—	92	88	46	39	31	42
North and South Dakota (lignite)—	36	39	24	18	30	59
Ohio—	23	34	24	18	24	**16
Pennsylvania (bituminous)—	620	693	705	313	396	766
Tennessee—	1,930	2,774	2,751	1,271	1,855	3,531
Texas (bituminous and lignite)—	112	137	154	45	37	121
Utah—	6	6	5	7	16	20
Virginia—	128	138	87	62	30	70
Washington—	316	417	499	206	204	249
*West Virginia—Southern—	26	29	32	28	32	35
*West Virginia—Northern—	1,976	2,332	2,256	949	1,697	1,256
Wyoming—	690	928	934	488	500	778
†Other Western States—	164	172	127	76	64	116
††Less than 1,000 tons.	††	1	††	††	††	**6
Total bituminous and lignite—	9,570	11,840	11,134	5,117	6,922	10,836
†Pennsylvania anthracite—	1,002	1,135	1,321	1,097	1,419	1,974
Total all coal—	10,572	12,975	12,455	6,214	8,341	12,810

\*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.

## Wholesale Commodity Index Advanced 0.2% During Week Ended May 8, Says Labor Dept.

The U. S. Department of Labor announced on May 13 that further advances in primary market prices for farm products and foods, largely fresh fruits, vegetables, and eggs, brought the Bureau of Labor Statistics' index up 0.2% during the week ended May 8. The all-commodity index rose to 103.7% of the 1926 average, the highest level since early in 1925.

The Department's announcement further explained:

**"Farm Products and Foods:** In addition to the sharp increases in prices for fresh fruits and vegetables, rye advanced 4.8% and wheat rose 2.2%. Oats, on the contrary, declined 5.4%. Slightly higher prices were reported for hay and flaxseed and for fresh milk in the Chicago market. Livestock and poultry declined 0.8% as a result of weakening markets for steers and hogs, and cotton was fractionally lower. On the whole, prices of farm products were up 0.4% over the level for the week ended May 1 and were 20% higher than at this time last year.

**"Led by an increase of over 3% for fruits and vegetables, principally apples, lemons, and potatoes, average prices for foods advanced 0.6% during the week to the highest point in 23 years. Quotations were lower for butter in the Chicago market, while prices for meats remained firm.**

**"Industrial Commodities:** There were slight increases of 0.1% in the average prices for fuel and lighting materials, building materials, and chemicals and allied products. Slightly higher prices for bituminous coal were reported for some areas. In building materials and supplies, lower prices for rosin, turpentine, and maple flooring were more than offset by higher prices for certain types of Douglas

fir and oak lumber. An advance of over 10% in prices for whale oil accounted for the increase in the chemicals and allied products group index. Boxboard prices continued to rise and textile soap declined."

The following notation was made:

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

The following table shows index numbers for the principal groups of commodities for the past three weeks, for April 10, 1943 and May 9, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

Commodity groups—	(1926=100)					Percentage changes to			
	5-8	5-1	4-24	4-10	5-9	May 8, 1943 from—	4-10	5-9	5-9
All commodities—	103.7	103.5	103.4	103.5	98.6	+0.2	+0.2	+0.2	+5.2
Farm products—	124.8	124.3	123.9	124.3	104.0	+0.4	+0.4	+0.4	+20.0
Foods—	109.4	108.7	108.5	107.9	99.3	+0.6	+1.4	+10.2	
Hides and leather products—	118.4	118.4	118.4	118.4	120.2	0	0	—1.5	
Textile products—	96.9	96.9	96.9	96.9	97.3	0	0	—0.4	
Fuel and lighting materials—	81.6	81.5	81.1	81.1	78.7	+0.1	+0.6	+3.7	
Metals and metal products—	103.9	103.9	103.9	103.9	103.9	0	0	0	
Building materials—	110.4	110.3	110.2	110.3	110.0	+0.1	+0.1	+0.4	
Chemicals and allied products—	100.2	100.1	100.1	100.1	97.3	+0.1	+0.1	+3.0	
Housefurnishing goods—	104.2	104.2	104.2	104.2	104.6	0	0	—0.4	
Miscellaneous commodities—	91.4	91.4	91.4	91.3	89.9	0	+0.1	+1.7	
Raw materials—	113.2	112.7	112.5	112.7	99.5	+0.4	+0.4	+13.8	
Semimanufactured articles—	92.9	92.9	92.9	93.0	92.6	0	—0.1	+0.3	
Manufactured products—	101.0	100.8	100.8	100.8	99.3	+0.1	+0.2	+1.7	
All commodities other than farm products—	99.1	99.1	99.0	99.0	97.4	0	+0.1	+1.7	
All commodities other than farm products and foods—	96.9	96.9	96.8	96.7	95.8	0	+0.2	+1.1	

\*Preliminary. †Revised.

## Major Non-Ferrous Metals Hold Even Course—Beryllium Ore Price Advanced

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

"E. & M. J. Metal and Mineral Markets," in its issue of May 13, stated: "The position of major non-ferrous metals scarcely changed during the last week, but some of the minor items—beryllium ore and tantalite—advanced in price to stimulate domestic output. Metals Reserve Co. last week posted higher buying prices for both minerals. The Senate Banking and Currency Committee on May 11 approved a bill authorizing the sale of"

Treasury silver for domestic consumption on the basis of 71.1¢ an ounce. The measure was reported to the Senate on May 12. Until the compromise on price was reached, Senators representing the New England States favored sales at 50¢ an ounce." The publication further went on to say in part:

### Copper

WPB reports that 98,500 tons of idle and excessive copper in primary and fabricated forms has been allocated under the copper recovery program for war use. Of the remaining 50,000 tons of frozen material on hand, 18,000 tons consists of assembled products not suitable for copper scrap. Early estimates of frozen stocks available ranged from 200,000 to 250,000 tons.

According to "Foreign Commerce Weekly," published by the Department of Commerce, Rhodesia produced 20,992 long tons of copper during January this year. Before the war, Rhodesian production averaged around 17,700 long tons a month.

The domestic market for copper continued at 12¢, Valley. Foreign copper also was unchanged.

### Lead

Sales of common lead for the last week were about 660 tons below those in the week previous. May needs of consumers have been covered to the extent of about 95%, the trade believes. Call for lead for June shipment is increasing.

So far, the production of domestic lead from small properties eligible for premium payments has hardly been felt in the industry. Labor shortages and lack of equipment have been retarding work on such properties.

### Zinc

Except that the stockpile of zinc has been increasing moderately from month to month, the situation in the metal presents little that is interesting. Some Prime Western is being exported under Lend-Lease. Consumption of zinc in non-essential civilian applications is being held down to a minimum. Quotations for Prime Western continued on the basis of 8¼¢, East St. Louis.

### Tantalite

The price schedule of Metals Reserve Co. for domestic tantalite ore has been increased so that the producer will receive approximately 50¢ per pound of contained Ta<sub>2</sub>O<sub>5</sub> above the former price.

### Beryllium Ore

Demand for beryllium ore continues at a high rate and, further to stimulate domestic production, the Metals Reserve Co. announced last week that it will purchase both large and small lots at its purchase depots on the basis of \$120 per dry short ton for ore containing 10% BeO. The previous price named by the Government's agent was \$83.30 per ton. Under normal conditions, ore of this grade sells at around \$30 per ton, f.o.b. mines.

Recently, newspapers gave wide publicity to a report to the effect that a "mountain" of beryllium ore had been discovered in the West. No confirmation of this news has been forthcoming, and authorities attach no significance to the extravagant claims.

### Chromium

Small deliveries of chromium may be made without WPB authorization. Supplementary Order M-18-a-1, effective May 7, permits deliveries of chromium by processors and dealers in quantities of 3,000 pounds or less to a single customer in any one month, provided the material is to be used for metallurgical purposes. The new order also relieves purchasers of quantities within this limit of the necessity of filing report forms required by Order M-18-a. It does not, however, relieve chromium consumers from filing Form WPB-532 with the Bureau of Mines.

The Chromium Section of the Steel Division pointed out that shipments within this limit amount to only 0.8% of the total chromium shipped each month. The supplementary order makes no changes in the restrictions on the melting of chromium.

### Tin

Bethlehem Steel Co. reports that it is operating the first of its electrolytic tin-plate units.

The process conserves tin, saving 60% of the quantity normally used in producing a base box of tin-plate.

Quotations for tin were unchanged. Straits quality tin for shipment was as follows:

	May	June	July
May 6—	52.000	52.000	52.000
May 7—	52.000	52.000	52.000
May 8—	52.000	52.000	52.000
May 10—	52.000	52.000	52.000
May 11—	52.000	52.000	52.000
May 12—	52.000	52.000	52.000

### Quicksilver

Prevailing prices are bringing out a steady flow of metal from domestic producing centers, Canada, and Mexico. Quotations in New York were maintained at \$196 @ \$198 per flask.

### Silver

Silver Conservation Order M-199 was amended May 10, changing manufacturers' quota periods for domestic silver purchases for restricted uses from a monthly to a quarterly basis. The revised order excludes from quota calculations the amount of silver used by manufacturers in the base period to fill orders rated A-3 or higher. Small manufacturers, who do not operate under the regulations, are now defined as those who do not employ more than five workers, excluding all clerical help.

Quotations for silver were unchanged last week, London continuing at 23½d, the New York Official at 44¼¢.

### 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.

## Pay On Minas Geraes 6½%

The National City Bank of New York, as special agent, is notifying holders of State of Minas Geraes (United States of Brazil) 6½% secured external sinking fund gold bonds of 1928, due March 1, 1958, and secured external gold loan of 1929, series A 6½% bonds due Sept. 1, 1959, that funds have been deposited with it to pay, in lawful currency of the United States of America, 15.05% of the face amount of the coupons due Sept. 1, 1940, amounting to \$4,891,250 for each \$32.50 coupon and \$2,445,625 for each \$16.25 coupon. The notice adds:

"The acceptance of such payment is optional with the holders of the bonds and coupons but pursuant to the terms of the Presidential Decrees of the United States of Brazil, such payment, if accepted by the holders must be accepted in full payment of such coupons and of the claims for interest represented thereby."

## Lumber Movement—Week Ended May 8, 1943

According to the National Lumber Manufacturers' Association, lumber shipments of 448 mills reporting to the National Lumber Trade Barometer exceeded production by 3.1% for the week ended May 8, 1943. In the same week new orders of these mills were 0.4% greater than production. Unfilled order files in the reporting mills amounted to 99% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 15.8%; orders by 19.0%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 26.4% greater; shipments were 23.8% greater, and orders were 20.8% greater.



## Revenue Freight Car Loadings During Week Ended May 8, 1943 Increased 27,768 Cars

Loading of revenue freight for the week ended May 8, 1943 totaled 816,551 cars, the Association of American Railroads announced on May 13. This was a decrease below the corresponding week of 1942 of 22,735 cars, or 2.7%, and a decrease below the same week in 1941 of 20,598 cars, or 2.5%.

Loading of revenue freight for the week of May 8 increased 27,768 cars, or 3.5% above the preceding week.

Miscellaneous freight loading totaled 389,666 cars, an increase of 5,823 cars above the preceding week, and an increase of 14,686 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 98,125 cars, an increase of 551 cars above the preceding week, but a decrease of 305 cars below the corresponding week in 1942.

Coal loading amounted to 142,140 cars, an increase of 7,876 cars above the preceding week, but a decrease of 19,824 cars below the corresponding week in 1942.

Grain and grain products loading totaled 45,615 cars, a decrease of 982 cars below the preceding week, but an increase of 10,472 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of May 8 totaled 30,498 cars, a decrease of 1,330 cars below the preceding week, but an increase of 8,685 cars above the corresponding week in 1942.

Livestock loading amounted to 15,688 cars, a decrease of 25 cars below the preceding week, but an increase of 3,998 cars above the corresponding week in 1942. In the Western Districts alone, loading of livestock for the week of May 8, totaled 11,939 cars, a decrease of 115 cars below the preceding week, but an increase of 2,917 cars above the corresponding week in 1942.

Forest products loading totaled 44,818 cars, an increase of 1,070 cars above the preceding week, but a decrease of 5,800 cars below the corresponding week in 1942.

Ore loading amounted to 66,976 cars, an increase of 13,585 cars above the preceding week, but a decrease of 19,824 cars below the corresponding week in 1942.

Coke loading amounted to 13,523 cars, a decrease of 130 cars below the preceding week, and a decrease of 766 cars below the corresponding week in 1942.

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

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
Week of May 1	788,783	858,911	794,299
Week of May 8	816,551	839,286	837,149
Total	14,401,502	15,205,395	13,812,063

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 8, 1943. During this period only 55 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MAY 8					
Railroad	Total Revenue Freight Loaded		Total Loads Received from Connections		
	1943	1942	1943	1942	
<b>Eastern District</b>					
Ann Arbor	245	434	506	1,540	1,304
Bangor & Aro	1,053	1,806	2,046	345	313
Boston & Maine	6,199	6,372	8,769	13,808	15,834
Chicago, Ind. & Louisville	1,409	1,307	1,209	1,881	1,880
Central Indiana	36	31	19	44	58
Central Vermont	1,008	1,003	1,396	2,239	2,152
Delaware & H.	5,647	6,829	5,940	10,850	12,455
Delaware, La. & Western	7,118	8,154	9,346	12,575	9,006
Detroit & Mac	334	299	324	113	101
Detroit, Tolet & Tonawanda	1,777	1,738	3,260	1,405	1,244
Detroit & Toledo	302	280	396	2,222	2,948
Erle	11,553	14,806	15,103	18,333	16,641
Grand Trunk	3,854	3,771	6,242	7,852	7,655
Lehigh & Hudson River	210	252	304	2,370	4,174
Lehigh & New England	1,972	2,031	1,937	1,379	1,951
Lehigh Valley	8,149	9,398	8,917	14,424	12,008
Maine Central	2,241	2,156	3,064	2,286	3,641
Monongahela	5,355	6,963	6,280	370	323
Montour	2,671	2,443	2,187	58	39
New York Central	54,725	45,752	51,377	46,719	56,413
N. Y. N. H. & H. R.	10,006	9,704	11,901	17,501	20,920
New York, O. & Western	949	1,008	1,031	2,009	3,431
New York, C. & N. Y.	6,948	7,561	6,538	14,596	14,975
N. Y. Susquehanna	565	472	473	1,708	1,593
Pittsburgh & Erie	7,272	8,001	8,205	7,422	9,238
Pere Marquette	4,906	5,443	7,068	7,236	6,015
Pittsburgh & Erie	881	874	513	32	38
Pittsburgh, S. & W.	335	407	505	231	318
Pittsburgh & West Virginia	1,110	1,162	1,229	3,532	3,095
Rutland	300	370	638	988	1,045
Wabash	5,477	5,146	6,059	12,788	12,509
Wheeling & Lake Erie	5,196	5,655	5,915	5,391	4,862
Total	159,203	161,628	178,697	214,247	228,175
<b>Allegheny District</b>					
Akron, Can. & Western	713	682	748	1,164	955
Baltimore & Annapolis	40,434	41,619	41,602	27,153	27,517
Bessemer & Birmingham	5,953	7,690	6,820	1,688	2,158
Buffalo Creek	253	291	254	4	1
Cambria & Erie	1,578	1,980	2,044	6	15
Central R. of N. Y.	6,910	7,414	8,593	21,212	20,098
Cornwall	665	765	728	55	72
Cumberland	210	299	133	17	6
Ligonier Va.	130	150	123	52	51
Long Island	1,216	945	824	3,581	3,509
Penn-Read	1,779	1,543	1,650	2,237	2,535
Pennsylvania	80,787	84,257	84,257	60,673	67,826
Reading Co.	14,672	15,060	16,002	26,812	29,333
Union (Pitts.)	22,124	20,065	19,846	7,231	7,504
Western Md.	3,357	3,262	4,250	9,924	13,464
Total	180,781	187,523	187,874	162,809	175,046
<b>Pocahontas District</b>					
Chesapeake & Potomac	24,832	28,594	11,487	13,786	
Norfolk & Virginia	18,900	23,633	7,130	7,080	
Virginia	4,000	4,779	2,177	2,049	
Total	47,732	57,006	20,794	22,915	

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
<b>Southern District</b>					
Alabama, Tennessee & Northern	258	429	410	289	404
Atl. & W. P.—W. R. R. of Ala.	700	746	782	2,303	2,462
Atlanta, Birmingham & Coast	802	703	803	1,421	1,253
Atlantic Coast Line	14,044	13,441	11,674	11,103	8,840
Central of Georgia	4,181	3,883	4,445	4,473	4,275
Charleston & Western Carolina	564	420	576	1,698	1,691
Clinchfield	1,573	1,703	1,775	2,326	3,100
Columbus & Greenville	351	304	231	175	183
Durham & Southern	169	243	205	662	1,244
Florida East Coast	2,965	2,042	1,255	2,061	988
Gainesville Midland	46	44	36	103	84
Georgia	1,362	1,169	1,108	2,505	2,573
Georgia & Florida	319	415	365	552	594
Gulf, Mobile & Ohio	3,648	3,913	3,569	4,698	3,772
Illinois Central System	25,614	27,182	22,535	18,882	15,702
Louisville & Nashville	22,936	26,265	23,087	11,960	10,893
Macon, Dublin & Savannah	256	146	174	1,072	777
Mississippi Central	238	281	167	465	402
Nashville, Chattanooga & St. L.	3,256	3,571	3,363	5,048	4,177
Norfolk Southern	1,266	1,392	1,204	1,386	2,270
Piedmont Northern	351	375	501	1,046	1,307
Richmond, Fred. & Potomac	460	547	418	10,982	10,666
Seaboard Air Line	12,294	10,961	10,675	8,311	8,728
Southern System	22,062	23,817	24,762	23,953	24,783
Tennessee Central	545	732	617	793	1,013
Winston-Salem Southbound	114	103	164	952	941
Total	120,314	124,827	114,901	119,219	113,329
<b>Northwestern District</b>					
Chicago & North Western	19,343	20,980	22,700	12,629	12,822
Chicago Great Western	2,604	2,282	2,681	2,948	3,105
Chicago, Milw., St. P. & Pac.	19,332	19,182	21,696	11,353	9,651
Chicago, St. Paul, Minn. & Omaha	3,269	3,407	3,974	3,695	3,754
Duluth, Missabe & Iron Range	18,619	26,800	22,200	277	279
Duluth, South Shore & Atlantic	1,121	1,503	1,133	469	533
Elgin, Joliet & Eastern	8,678	10,393	10,100	9,745	9,974
Ft. Dodge, Des Moines & South	432	536	534	101	143
Great Northern	19,505	23,313	24,254	5,793	4,704
Green Bay & Western	453	533	570	862	669
Lake Superior & Ishpeming	1,245	3,081	4,539	37	41
Minneapolis & St. Louis	1,875	1,883	1,917	2,378	2,290
Minn., St. Paul & S. S. M.	6,034	6,969	7,541	2,974	3,215
Spokane International	10,130	10,477	9,830	5,400	4,752
Northern Pacific	176	151	211	568	552
Spokane, Portland & Seattle	2,443	2,422	2,431	3,447	3,397
Total	115,259	133,912	136,311	62,676	59,786
<b>Central Western District</b>					
Atch., Top. & Santa Fe System	22,094	21,325	21,048	12,575	9,629
Alton	3,058	2,979	3,196	3,647	3,907
Bingham & Garfield	493	692	617	103	148
Chicago, Burlington & Quincy	18,018	14,671	16,061	12,265	10,259
Chicago & Illinois Midland	2,738	2,726	2,292	679	906
Chicago, Rock Island & Pacific	12,548	10,693	12,801	13,475	10,513
Chicago & Eastern Illinois	2,534	2,377	2,589	6,070	2,886
Colorado & Southern	737	786	679	2,314	1,903
Denver & Rio Grande Western	3,691	2,810	6,677	6,102	4,952
Denver & Salt Lake	695	472	347	23	10
Fort Worth & Denver City	921	973	1,070	2,455	1,116
Illinois Terminal	1,614	1,771	2,040	2,314	1,997
Missouri-Illinois	1,149	1,270	1,139	370	430
Nevada Northern	2,012	1,953	2,028	124	131
North Western Pacific	1,036	1,093	815	636	471
Peoria & Pekin Union	3	19	14	0	0
Southern Pacific (Pacific)	31,070	29,358	27,631	13,954	8,873
Toledo, Peoria & Western	355	248	294	2,036	1,732
Union Pacific System	12,732	12,090	14,519	16,980	12,822
Utah	541	486	243	3	4
Western Pacific	2,043	1,753	1,651	3,210	3,987
Total	119,482	110,545	113,751	99,335	76,676
<b>Southwestern District</b>					
Burlington-Rock Island	1,126	130	148	228	212
Gulf Coast Lines	7,002	4,890	2,636	2,477	3,105
International-Great Northern	2,049	3,073	1,815	4,102	3,064
Kansas, Oklahoma & Gulf	383	187	164	1,175	1,160
Kansas City Southern	5,588	5,199	1,974	3,100	2,515
Louisiana & Arkansas	3,836	3,475	2,053	2,978	2,112
Litchfield & Madison	171	279	415	1,048	957
Midland Valley	696	734	401	272	214
Missouri & Arkansas	1,671	184	200	3,365	372
Missouri-Kansas-Texas Lines	6,051	4,695	3,966	6,193	3,946
Missouri Pacific	17,562	15,501	14,188	18,808	17,420
Quannacumac & Pacific	60	106	86	266	136
St. Louis-San Francisco	7,821	8,233	7,253	8,351	7,633
St. Louis Southwestern	3,270	3,040	2,420	7,494	5,790
Texas & New Orleans	13,502	9,505	6,882	5,373	4,628
Texas & Pacific	4,238	4,428	3,833	7,735	6,432
Wichita Falls & Southern	115	147	162	38	49
Weatherford M. W. & N. W.	21	33	13	25	9
Total	73,718	63,839	48,609	70,028	59,754

\*Previous week's figure.

Note—Previous year's figures revised.

## Weekly Statistics Of Paperboard Industry

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

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

### STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received	Production	Unfilled Orders Remaining	Percent of Activity	
				Current	Cumulative
1943—Week Ended	Tons	Tons	Tons		
Feb. 6	169,417	140,836	439,304	89	87
Feb. 13	148,687	137,784	446,981	87	87
Feb. 20	141,435	142,932	445,982	91	88
Feb. 27	156,628	147,085	454,308	94	88
Mar. 6	175,178	147,830	480,802	93	89
Mar. 13	166,885	146,062	498,927	93	89
Mar. 20	155,116	149,096	504,414	92	90



## Items About Banks, Trust Companies

At the regular meeting of the Board of Directors of The National City Bank of New York held on May 11, Samuel S. Church and Loren A. Erickson were appointed Assistant Cashiers.

The New York Trust Co., New York City, has received authorization from the State Banking Department to increase its capital stock from \$12,500,000, consisting of 500,000 shares having a par value of \$25 each, to \$15,000,000, consisting of 600,000 shares having a par value of \$25 each.

Previous reference to the bank's plans for this increase was made in our issue May 6, page 1696.

The Chemical Bank & Trust Co. of New York unveiled on May 12, in the lobby of its main office at 165 Broadway, a plaque in honor of the 295 members of the staff who are now serving with the armed forces. Percy H. Johnston, Chairman of the Board, made a short dedicatory address before the entire staff and the bank's string ensemble and chorus provided a musical background.

At a meeting of war-work volunteers of the Guaranty Trust Co. of New York on May 13, Miss Madeleine Carroll, noted actress, accepted from Eugene W. Stetson, President of the company, a consignment of knitted articles made for the United Seamen's Service, by women employees as a project of the bank's War Effort Committee. Other recent output of the group, which numbers several hundred volunteers, was presented to prominent Red Cross officials, who joined with officers and staff of the trust company in ceremonies at the main office, 140 Broadway.

Speakers representing the bank and its employees at the informal program were: W. Palen Conway, Chairman of the Board; Mr. Stetson, Thomas F. Coghlan, President of the Guaranty Club, and Mrs. Emma Adams, Chairman of the Club's War Effort Committee. Other guests included Miss Fredericka Farley, Red Cross Director of Home Nursing; Mrs. Everett E. Risley of the Red Cross Board of Directors and Mrs. Johnston King, Chairman of Volunteers of the United Seamen's Service.

The Federation Bank and Trust Co., New York City, announced on May 14 that William R. Brennan had been elected a Director. Mr. Brennan is President of the Brennan & Sloan, Inc., New York, general contractors.

The East River Savings Bank, New York City, observes on May 22 the 95th anniversary of its founding. Officially opened for business on May 22, 1848, the East River Savings Institution, as it was known until 1927, was the fifth mutual savings bank in New York City. Its original office was at 145 Cherry Street. The bank in noting the anniversary also says:

"The first President was also President of the renowned Chatham Bank, which was organized by a nucleus of eight members of the Board of Trustees of the East River Savings Bank. Shortly afterward, the Chatham Bank invited the East River Savings Bank to conduct its business at their new headquarters. Thereafter, until 1927 when the East River Savings Bank opened its first branch at 96th Street and Amsterdam Avenue, the bank was located in the lower part of Manhattan, but with depositors scattered throughout the city and nation.

"In 1932 the Italian Savings Bank, the Maiden Lane Savings Bank and the East River Savings Bank merged into one institution, giving a city-wide banking service from five offices. On Jan. 1, 1943 the bank served 190,086 de-

positors and had a deposit liability of \$174,319,000.

"Joseph A. Broderick, former Superintendent of Banks of New York (1929-1934) and a member of the Board of Governors, Washington, D. C., of the Federal Reserve System (1936-1937) has been President since October, 1937."

William S. Irish, retired Brooklyn banker, died on May 14 at his home in Brooklyn, N. Y. He was 74 years old. Mr. Irish retired on Jan. 1, 1938, as Executive Vice-President of the Bank of the Manhattan Co. but continued as Chairman and a member of the bank's Brooklyn Advisory Committee. He was a former President of the New York State Bankers Association and of the Kings County Bankers Association.

A native of Brooklyn, Mr. Irish began his banking career as a clerk with the old Lincoln National Bank, which later was merged with the Irving Trust Co. He later worked for the Williamsburg Trust and, in 1908, became Cashier of the First National Bank of Brooklyn. In that organization he became Vice-President and then President, until the bank was merged with the Bank of the Manhattan Co. in 1928. He was then appointed Executive Vice-President of the merged organization, retiring in 1938.

The Fleetwood Bank, Mount Vernon, N. Y., has applied to the State Banking Department for permission to open and maintain a branch office in the Mount Vernon station of the New York Central Railroad.

Frederick James Hodson, former Secretary-Treasurer of the Washington (N. J.) Trust Co. and a former Assistant Vice-President of National Newark & Essex Banking Co., died on March 10 at his home in South Orange. Mr. Hodson, who was 73, had retired from banking several years ago.

## Stetson Elected Head Of NY Bankers Group

Eugene W. Stetson, President of the Guaranty Trust Co. of New York, and Chairman of the New York Clearing House Committee, has been elected Chairman of Group Eight of the New York State Bankers Association, comprising 96 banks in New York and Bronx counties. Mr. Stetson, who was Vice-Chairman of the Group during the past fiscal year, succeeds H. Donald Campbell, President of the Chase National Bank.

William Gray, Jr., President of the Central Hanover Bank and Trust Co., was elected Vice-Chairman of the Group, and Edward F. McGinley, Vice-President of the Chemical Bank and Trust Co., was elected Secretary and Treasurer, succeeding James B. Birmingham, Vice-President of the National City Bank.

Newly elected members of the Group's Executive Committee are: Knight Woolley, partner of Brown Brothers, Harriman & Co.; Henry C. Brunie, Chairman and President of Empire Trust Co.; John I. Downey, President, Fifth Avenue Bank; Frederick E. Hasler, Chairman and President, Continental Bank and Trust Co.; and William Gage Brady, President, National City Bank.

Elected to membership on the Nominating Committee of New York State Bankers Association was Adrian M. Massie, Vice-President of the New York Trust Co., with George W. Heiser, Vice-President of the Manufacturers Trust Co., as his alternate.

## Accomplishments Of Business In War Effort Deserve High Praise Of Nation, Heimann Says

The accomplishments of American business in the all-out war effort necessitates that we revise our rating of business in general, Henry H. Heimann, Executive Manager-on-leave of the National Association of Credit Men, declares in the Association's monthly "Business Review," released on May 17. In stressing the part that business has played in the present war effort, Mr. Heimann said that

"it was not my thought to under-emphasize the great contributions made by other groups. Since business, however, in the past has been frequently unfairly condemned," he said, "we should proceed to a fair analysis of just what it has contributed.

"By its war performance the American business institution has not only justified itself time and again," Mr. Heimann says, "but it has demonstrated that if we are to meet the post-war challenge, American business must be fostered and nurtured, continued strong and healthy, and be given the respect, confidence and co-operation of every living citizen of this country."

In continuing his praise of American business, Mr. Heimann declared "the day of business baiting must go." He said that it is high time for the American people to recognize just what American business has meant in the present war crisis.

In considering some of the major post-war problems, Mr. Heimann pointed "to the fact that when Victory Day comes we may have 10,000,000 men under arms. We may also have 30,000,000 wage-earners employed in war work, and the plant capacity of the United States," Mr. Heimann pointed out, "will be greatly increased through the many factories which have been erected directly or indirectly through Government finance during the war." Another problem he discusses is that when V-Day comes American industry will be brought face to face with a settlement for some \$50,000,000,000 in unfulfilled contracts. Mr. Heimann further said:

"First, one need but consider the staggering outlays which have been made for the purpose of converting peace-time plants into war production. By the same token one should not overlook the staggering outlays which will be required of private enterprise to

reconvert from war to peace-time production. Unless private industry is put in such financial condition or is allowed to work towards that sound condition so that it can effect this conversion without endangering its complete structure, then surely we are not discharging our responsibility in helping to make the world a better place in which to live.

"It should be obvious to everyone that American business must be allowed to establish reasonable reserves with which it can finance a speedy post-war reconversion to peace production. It is well to remember that in normal times some of the earnings by American business were set aside as reserves for depreciation on plants and machinery as well as for innovations in production. It is only through a more liberal interpretation of our Federal tax law that business can provide these proper reserves for reconversion. Management of American business under such circumstances considers itself the trustee of these reserve funds so that in the post-war period its own solvency will be insured and it will have the finances with which the undertake reconversion.

"Next, it should be remembered by our Government officials that in settlements under the termination clauses in war contracts, it is absolutely essential that prompt adjustment be provided for and that they not be allowed to drag as they did during the first World War. When Victory Day comes most of the plants in the United States will have more than the amount of their capital involved in the goods in process on war contracts. Unless these claims are handled fairly and expeditiously, American business will be compelled to sit idly by, unable to respond to the nation's peace-time demands by reason of having much of its capital frozen in unadjusted claims."

## Fair Administration Of Relief Provisions Of Excess-Profits Tax Law Urged By Paul

In noting that regulations relating to the general relief provisions (Section 722) of the Revenue Act of 1942 have recently been issued, and that copies are about to be made available, Randolph E. Paul, General Counsel of the Treasury, stated that "the success with which the excess-profits tax designed to serve will depend upon the success with which these provisions are administered."

Mr. Paul, in indicating this in an address prepared for presentation before the New York Society of Certified Public Accountants at the Waldorf-Astoria Hotel on May 10, and read in his absence by Joseph G. Blandi, Special Assistant to the Chief Counsel of the Bureau of Internal Revenue, went on to say:

"As the House Ways and Means Committee stated in its report on the 1941 version of Section 722, 'The success or failure of legislation of this type depends to a considerable degree upon its intelligent and sympathetic administration.' The general intent of Congress in enacting Section 722 is reasonably clear, but in providing 'for the many unforeseen hardships which may arise under the Excess-Profits Tax Law' Congress was forced to express its intent in general, rather than in specific terms. Hence, the task of interpreting the intent of Congress in those specific cases where the excess-profits tax is claimed to be 'excessive and discriminatory' will devolve upon those whose responsibility it is to administer the tax structures."

Stating that "this is a respon-

sibility which cannot be accepted lightly," Mr. Paul added:

"If the relief which Congress intended to give taxpayers is arbitrarily denied them, the excess-profits tax law can become an instrument for the destruction rather than for the preservation of competitive enterprise. New and growing businesses, as well as businesses which were depressed during the prewar years, will be deprived of the means with which to reestablish themselves in the post-war economy."

"On the other hand, if the relief provisions are permitted to become instruments for widespread tax avoidance, we shall have failed in our efforts to eliminate profiteering and to achieve an equitable distribution of the costs of the war.

"The line between eligibility and ineligibility for relief under Section 722 will not be an easy one to draw. But 'drawing the line is a recurrent difficulty in those fields of the law where differences in degree produce ultimate differences in kind.' Harrison vs. Shaffner, 213 U. S. 579 (1941).

"Responsibility for the success-

ful administration of the general relief provisions must also rest in part upon taxpayers. The greater the number of unreasonable and exorbitant claims filed, the more difficult it will be for the Government to administer relief fairly and fully to those who deserve it. It is, therefore, highly important that businessmen should understand the principles underlying Section 722 so that they may better appreciate the character and the extent of the relief which these provisions were designed to afford. For this knowledge and understanding, businessmen will rely heavily on the men of your profession. I am, therefore, very glad to have this opportunity to discuss with you some of the more difficult problems which are likely to arise in the administration of Section 722."

Mr. Paul in his address discussed among other things "classes of taxpayers covered under Section 722, and various aspects of normal profits."

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